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SUPPLEMENTAL AID REQUESTS FOR FISCAL YEARS
1979 AND 1980 FOR TURKEY AND OMAN

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HEARINGS
BEFORE THE
SUBCOMMITTEE ON
EUROPE AND THE MIDDLE EAST
OF THE
COMMITTEE ON FOREIGN AFFAIRS
HOUSE OF REPRESENTATIVES

NINETY-SIXTH CONGRESS

FIRST SESSION

MAY 15 AND 31, 1979

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CONTENTS

WITNESSES

Tuesday, May 15, 1979:	Page
Hon. Warren M. Christopher, Deputy Secretary of State.....	2
Robert Hormats, Deputy Assistant Secretary of State for Economic and Business Affairs.....	36
Eugene T. Rossides, special counsel, American Hellenic Institute Public Affairs Committee, Inc.....	45
Lt. Gen. Ernest Graves, Director, Defense Security Assistance Agency.....	65
Raymond Ewing, Director, Office of Southern European Affairs, Department of State.....	66
Thursday, May 31, 1979:	
Hon. Warren M. Christopher, Deputy Secretary of State.....	70
Gen. Lew Allen, Jr., Chief of Staff, U.S. Air Force.....	71
C. Edward Dillery, Deputy Director, Office of Southern European Affairs, Department of State.....	90

MATERIAL SUBMITTED FOR THE RECORD¹

Actions the Turkish Government has taken to deal with its own economic problems.....	39
U.S. military assistance to Turkey.....	79
Turkish pipeline.....	99
Continental Grain Co. claims.....	104
British courts involvement.....	105
Payments of F-4's.....	106
Money owed to McDonnell-Douglas.....	106

APPENDIXES

1. Biographies of witnesses:	
Gen. Lew Allen, Jr.....	107
Hon. Warren M. Christopher.....	108
C. Edward Dillery.....	108
Robert Hormats.....	109
Lt. Gen. Ernest Graves.....	109
2. Chronology of Cyprus developments since the summer of 1978, submitted by the Department of State.....	110
3. Supplemental questions submitted by Subcommittee Chairman Lee H. Hamilton to the Department of State and responses thereto.....	112

¹ Material supplied by Department of State.

SUPPLEMENTAL AID REQUESTS FOR FISCAL YEARS 1979 AND 1980 FOR TURKEY AND OMAN

TUESDAY, MAY 15, 1979

HOUSE OF REPRESENTATIVES,
COMMITTEE ON FOREIGN AFFAIRS,
SUBCOMMITTEE ON EUROPE AND THE MIDDLE EAST,
Washington, D.C.

The subcommittee met at 3:03 p.m. in room H-236, the Capitol, Hon. Lee H. Hamilton (chairman of the subcommittee) presiding.

Mr. HAMILTON. The meeting of the subcommittee will come to order.

Today, the Subcommittee on Europe and the Middle East meets in open session with Deputy Secretary of State Warren Christopher to discuss supplemental fiscal year 1979 and fiscal year 1980 aid requests for Turkey and Oman.

The administration requested on April 30, 1979, a foreign military sales (FMS) financing program of \$15 million for fiscal year 1980 for Oman. Earlier, on April 10, 1979, the President transmitted a bill to authorize supplemental economic support for fiscal year 1979 for Turkey of \$100 million under the Economic Support Fund. On April 26, 1979, a request was made for an amendment to the fiscal year 1980 legislation to authorize \$50 million in grant MAP assistance for Turkey.

The requests for Turkey will be a major focus of today's hearing. It is apparent that Turkey's economic situation continues to deteriorate and its foreign exchange shortage is critical. The economic crisis, in turn, has aggravated serious domestic political and social problems which can affect Turkey's stability and foreign policy orientations.

Deputy Secretary Christopher recently returned to the United States from a trip to Turkey. We want to review that trip, the status of base negotiations with Turkey, the economic and political climate in the country, and the prospects for the upcoming inter-communal talks on Cyprus. It is our hope that these talks on Cyprus, scheduled to be held later this week under the direction of the Secretary General of the United Nations, can lead to serious and sustained negotiations. The Cyprus timebomb in the Eastern Mediterranean must be defused.

Mr. Christopher is accompanied by Lt. Gen. Ernest Graves, Director of the Defense Security Assistance Agency, Department of Defense.

Mr. Christopher, you may have other aides with you whom you may wish to introduce for the record. We welcome you before the subcommittee. You have a prepared statement which you may read or summarize, as you see fit.

STATEMENT OF HON. WARREN M. CHRISTOPHER, DEPUTY SECRETARY OF STATE

Mr. CHRISTOPHER. Thank you, Mr. Chairman.

I am pleased to be here and would like to introduce Deputy Assistant Secretary of State Robert Hormats, who is with me on my left and may testify on some of the economic questions.

I am here to testify, as you indicated, Mr. Chairman, on the additional economic and military assistance proposed for Turkey and assistance proposed for Oman.

AID TO TURKEY AND FOREIGN POLICY OBJECTIVE

I would like to begin by explaining the urgent need for the President's two additional requests for Turkey: As you said, \$100 million in economic support assistance for fiscal year 1979 and \$50 million in grant military assistance for fiscal year 1980.

Let me emphasize that we in the administration fully recognize that the need for budgetary restraint requires that a compelling case be made in order to justify requests at this stage of the process for additional assistance. We believe that a compelling case can be made for these requests because they respond to urgent needs and are directly related to vital national security interests of the United States.

Before turning to the specific justifications, let me say a few words about how these programs relate to a major foreign policy priority, namely, the need to respond effectively to the recent turbulence in the Middle East and Southwest Asia. This turbulence is taking place in Iran, Afghanistan, Yemen, and elsewhere and affects fundamental U.S. economic and security interests.

As part of our response to this challenge, we are intensifying our efforts to promote peace between Israel and the Arab world.

U.S. COOPERATION WITH TURKEY

A second element in this response has been our efforts to develop closer cooperation with Turkey, our NATO ally in the region. The importance of a stable, democratic, and pro-Western Turkey has never been clearer. Turkey is the southeastern anchor of NATO. It occupies a unique geopolitical position and situation, bordering the Soviet Union and controlling that country's access to the Mediterranean. It provides a highly useful location for U.S. military installations that perform important NATO functions and help us verify arms limitations agreements.

Our progress last year in developing closer cooperation with Turkey has enabled us to reopen our defense facilities in that country and to resume important intelligence collection activities. I have traveled to Ankara twice in 1979, and most recently last week, for productive talks with Prime Minister Ecevit and other Turkish officials. It is to maintain and strengthen this cooperation that President Carter has proposed additional economic and military assistance for Turkey.

Let me first discuss briefly our request for supplemental economic assistance.

TURKISH ECONOMY

Turkey's economic crisis continues to worsen. Turkey must import 80 percent of her petroleum needs, and this consumes a large portion of Turkish foreign exchange. The recent oil price increase has exacerbated an already grave situation: Unemployment is about 20 percent; inflation is above 50 percent, probably substantially above 50 percent; and industrial production has dropped below 50 percent of capacity.

Prime Minister Ecevit has made clear his government's recognition that Turkey itself must bear the main responsibility for solving its economic problems. The Government recently has backed this up by undertaking some politically difficult austerity measures, such as raising interest rates, increasing gas prices, and increasing prices of goods produced by state enterprises. These measures are designed to reduce Government deficit, to improve the efficiency of state enterprises, and to encourage exports and foreign exchange inflows.

The Turkish Government has acknowledged the need for further steps of this kind. At the same time, I think there is a wide recognition that Turkish actions must be supplemented by outside financial assistance. Such assistance is urgently needed to allow Turkey to purchase the necessary imports to keep its economy functioning while the Government undertakes the necessary reforms. Without such assistance, the Turkish economy will further deteriorate, with serious possible consequences for Turkey's political and social stability, its democratic tradition, and its pro-Western orientation. During our discussions last week, Prime Minister Ecevit underlined once more the urgency of Turkey's needs.

Mr. Chairman, in order to maximize the amount of time for questioning, I am going to go over to page 8 of my statement. But I would like, if I may, to incorporate the entire statement in the record for your subcommittee.

Mr. HAMILTON. Without objection, the statement will be included in the record in its entirety.

NEED FOR MULTILATERAL COOPERATION

Mr. CHRISTOPHER. Thank you, Mr. Chairman.

It is clear that in order for the multilateral effort to aid Turkey to be successful, the United States, along with the Federal Republic of Germany, must contribute a major share. The additional \$100 million in supplementary economic assistance for fiscal year 1979 will be an important factor in eliciting increased contributions from other donors. We have emphasized that the scale of our aid will be keyed to that of the Federal Republic of Germany, and we expect that the President's decision to request this supplemental assistance which is now before your committee will lead to a similar decision by Germany.

This joint commitment by the two leading donors in the multilateral effort should then stimulate others to assume their fair share of the burden. A pledging session under OECD auspices is now scheduled for the last part of this month.

In short, the \$100 million supplemental for fiscal 1979, coupled with the \$98 million previously requested for fiscal year 1980, are an essential part of the multilateral effort. Without this effort, we do not

believe Turkey can survive its present economic crisis and undertake the reforms necessary to help restore its economic health.

FISCAL YEAR 1980 MAP REQUEST FOR TURKEY

Mr. Chairman, let me now discuss the additional military assistance the President has requested for Turkey for fiscal year 1980.

The \$50 million MAP program will enable the Turkish military to obtain urgently needed spare parts and replacement equipment. Although Congress last year removed restrictions on sale of U.S. arms to Turkey, that country's economic crisis has severely limited purchases of military equipment. This has done increasing damage to the military preparedness and the morale of the Turkish Armed Forces.

The foreign military sales credits, which has been granted to Turkey and which are being sought for this year, are unfortunately of relatively limited help. They are provided at relatively high interest rates and add to Turkey's heavy debt burden. On the other hand, grant military assistance is helpful to respond effectively to Turkey's military needs.

SECURITY COOPERATION WITH TURKEY

Such a response, by way of grant military assistance, would demonstrate to Turkish political and military leaders our commitment to effective security cooperation with Turkey. It would help to make clear that the decision last year to set aside the multiyear Defense Cooperation Agreement, the so-called 1976 DCA, which contained a major MAP component, did not imply any lessening of U.S. interest in security cooperation with Turkey.

We are now negotiating with the Government of Turkey a new foundation upon which to base our mutual security relationship. The new agreement will not contain the kind of specific multiyear financial commitments entailed in the 1976 agreement. However, our willingness to respond now to Turkey's urgent need is necessary to sustain a climate of effective cooperation on issues of importance to United States and Western security.

As I mentioned earlier, our efforts to develop closer cooperation have already had important results. Last fall, Prime Minister Ecevit enabled us to reopen our defense facilities and to resume intelligence collection activities. My visit to Ankara last week reinforced my conviction that a grant MAP program is essential to continued progress in security cooperation with Turkey.

PRESERVATION OF MILITARY BALANCE IN EASTERN MEDITERRANEAN

In requesting this additional assistance, Mr. Chairman, we have taken into account the principle that military aid for the countries of the Eastern Mediterranean should contribute to the preservation of a sound, overall balance of military strength among the countries of the region. We believe that the proposed program is consonant with that principle.

The purpose and effect of the program will be to correct deficiencies in the current state of Turkish military preparedness and to help Turkey meet its NATO requirements which it is now unable to fulfill.

REINTEGRATION OF GREEK FORCES INTO NATO

We have also, Mr. Chairman, considered our request for additional assistance for Turkey in light of other important foreign policy objectives in the Eastern Mediterranean. One problem that directly affects us as members of NATO is the fact that arrangements have not yet been fully worked out to reintegrate Greek forces into the military structure of NATO. Although this is a matter for decision by all NATO members, Greece and Turkey are the most directly involved. At the present time, General Haig, under a mandate from NATO Secretary General Luns and the member countries, is working to resolve certain technical military issues which will form the predicate for reintegration. We support this effort to achieve the earliest possible reintegration of Greek forces and look forward to the enhancement of Greece's relationship with the NATO Alliance.

During my meetings with Prime Minister Ecevit last week, he assured me that Turkey intends to work diligently to find a mutually agreeable basis for the reintegration of Greece into the military structure of NATO.

NEGOTIATIONS ON CYPRUS

Another issue of great importance to us in the Eastern Mediterranean, as the chairman indicated, is the continued unsettled situation in Cyprus. As we have indicated to the committee in previous testimony, we have worked hard to support U.N. Secretary General Waldheim in his efforts to bring the two Cypriot communities together in a resumption of intercommunal talks.

We are therefore encouraged that the Secretary General has arranged to convene in Nicosia later this very week a summit meeting between President Kyprianou and Turkish Cypriot leader Denktash with the aim of reconvening the formal intercommunal negotiations. Last month, I met with Secretary General Waldheim in New York to offer our support for his efforts, and we remain in close touch with him in this important period. I also discussed this subject with Prime Minister Ecevit last week. He agreed that the Nicosia summit offers the best opportunity in recent times to get the intercommunal talks started again, and he shares our hopes that the meeting will be productive.

In sum, the President's requests for additional economic and military assistance to Turkey are essential to the pursuit of our national security and foreign policy objectives in a troubled, yet vital, region of the world. I hope the committee will find it possible at the right moment to support these requests.

FMS FINANCING FOR OMAN

Finally, before taking your questions and those of members of the committee, Mr. Chairman, let me speak briefly to why we are proposing an additional \$15 million in FMS credits for Oman at the present time.

The Government of Oman has indicated, and we agreed, that it needs an enhanced defense capability because of the changed security situations in the region and the aggressive policy of the South Yemeni Government. We have encouraged the Omanis to look primarily to their

more prosperous neighbors, but they have solicited support from the United States and we want to be forthcoming in at least a modest way. We are confident that they can look to their neighbors to finance the major portion of their defense needs, but we want to indicate to them our concern.

As this committee knows, Oman has experienced extensive guerrilla warfare in its own southern provinces in the decade of 1965-75. The guerrillas opposing the Sultan's government were actually backed by the South Yemeni Government and were supplied with Soviet equipment. I think this is an added reason why we should support Oman to enable it to cope with the insurgency efforts which may be supported by South Yemen in the changing security situation in that region.

I think with that introduction, Mr. Chairman, I would be glad to respond to the questions of you and the members of your committee. [Mr. Christopher's prepared statement follows:]

PREPARED STATEMENT OF DEPUTY SECRETARY OF STATE WARREN CHRISTOPHER

I AM PLEASED TO BE HERE TODAY TO TESTIFY IN SUPPORT OF THE PRESIDENT'S PROPOSALS FOR ADDITIONAL ECONOMIC AND MILITARY ASSISTANCE FOR TURKEY.

YOU HAVE ALREADY HEARD TESTIMONY ON THE SECURITY ASSISTANCE PROPOSED FOR TURKEY IN THE FISCAL YEAR 1980 BUDGET SUBMISSION. I WOULD LIKE TO EXPLAIN THE URGENT NEED FOR THE PRESIDENT'S TWO ADDITIONAL REQUESTS: \$100 MILLION IN ECONOMIC SUPPORT ASSISTANCE FOR FISCAL YEAR 1979 AND \$50 MILLION IN GRANT MILITARY ASSISTANCE FOR FISCAL YEAR 1980.

I.

WE IN THE ADMINISTRATION FULLY RECOGNIZE THAT THE NEED FOR BUDGETARY RESTRAINT REQUIRES THAT A COMPELLING CASE BE MADE IN ORDER TO JUSTIFY REQUESTS FOR ADDITIONAL ASSISTANCE. WE BELIEVE A COMPELLING CASE CAN BE MADE FOR THESE REQUESTS. THEY RESPOND TO URGENT NEEDS AND ARE DIRECTLY RELATED TO VITAL NATIONAL SECURITY INTERESTS OF THE UNITED STATES.

BEFORE TURNING TO THE SPECIFIC JUSTIFICATIONS, LET ME SAY A FEW WORDS ABOUT HOW THESE PROGRAMS RELATE TO A MAJOR FOREIGN POLICY PRIORITY -- THE NEED TO RESPOND EFFECTIVELY TO THE RECENT TURBULENCE IN THE MIDDLE EAST AND SOUTHWEST ASIA.

THIS TURBULENCE -- IN IRAN, AFGHANISTAN, YEMEN, AND ELSEWHERE -- AFFECTS FUNDAMENTAL U.S. ECONOMIC AND SECURITY INTERESTS. AS PART OF OUR RESPONSE TO THIS CHALLENGE, WE ARE INTENSIFYING OUR EFFORTS TO PROMOTE PEACE BETWEEN ISRAEL AND THE ARAB WORLD.

A SECOND ELEMENT IN THIS RESPONSE HAS BEEN OUR EFFORTS TO DEVELOP CLOSER COOPERATION WITH TURKEY, OUR NATO ALLY IN THE REGION. THE IMPORTANCE OF A STABLE, DEMOCRATIC AND PRO-WESTERN TURKEY HAS NEVER BEEN CLEARER. TURKEY IS THE SOUTHEASTERN ANCHOR OF NATO. IT OCCUPIES A UNIQUE GEOPOLITICAL POSITION, BORDERING THE SOVIET UNION AND CONTROLLING THAT COUNTRY'S ACCESS TO THE MEDITERRANEAN. IT PROVIDES A HIGHLY USEFUL LOCATION FOR U.S. MILITARY INSTALLATIONS THAT PERFORM IMPORTANT NATO FUNCTIONS AND HELP US VERIFY ARMS LIMITATION AGREEMENTS.

OUR PROGRESS LAST YEAR IN DEVELOPING CLOSER COOPERATION WITH TURKEY HAS ENABLED US TO REOPEN OUR DEFENSE FACILITIES IN THAT COUNTRY AND TO RESUME IMPORTANT INTELLIGENCE COLLECTION ACTIVITIES. I HAVE TRAVELED TO ANKARA TWICE THIS YEAR -- MOST RECENTLY LAST WEEK -- FOR PRODUCTIVE TALKS WITH PRIME MINISTER ECEVIT AND OTHER OFFICIALS. IT IS TO MAINTAIN AND STRENGTHEN THIS COOPERATION THAT PRESIDENT CARTER HAS PROPOSED ADDITIONAL ECONOMIC AND MILITARY ASSISTANCE FOR TURKEY.

II.

LET ME TURN FIRST TO DISCUSS OUR REQUEST FOR SUPPLEMENTAL ECONOMIC ASSISTANCE. TURKEY'S ECONOMIC CRISIS CONTINUES TO WORSEN. TURKEY MUST IMPORT 80 PERCENT OF ITS ENERGY NEEDS, AND THIS CONSUMES A LARGE PORTION OF ITS FOREIGN EXCHANGE. THE RECENT OIL PRICE INCREASE HAS EXACERBATED AN ALREADY GRAVE SITUATION: UNEMPLOYMENT IS ABOUT 20 PERCENT; INFLATION IS ABOVE 50 PERCENT; AND INDUSTRIAL PRODUCTION HAS DROPPED BELOW 50 PERCENT OF CAPACITY.

PRIME MINISTER ECEVIT HAS MADE CLEAR HIS GOVERNMENT'S RECOGNITION THAT TURKEY ITSELF MUST BEAR THE MAIN RESPONSIBILITY FOR SOLVING ITS ECONOMIC PROBLEMS. THE GOVERNMENT RECENTLY HAS BACKED THIS UP BY UNDERTAKING SOME POLITICALLY DIFFICULT AUSTERITY MEASURES, SUCH AS RAISING INTEREST RATES, INCREASING GAS PRICES, AND INCREASING PRICES OF GOODS PRODUCED BY STATE ENTERPRISES. THESE MEASURES ARE DESIGNED TO REDUCE GOVERNMENT DEFICIT, TO IMPROVE THE EFFICIENCY OF STATE ENTERPRISES, AND TO ENCOURAGE EXPORTS AND FOREIGN EXCHANGE INFLOWS.

THE TURKISH GOVERNMENT HAS ACKNOWLEDGED THE NEED FOR FURTHER STEPS OF THIS KIND. AT THE SAME TIME, THERE IS WIDE RECOGNITION THAT TURKISH ACTIONS MUST BE SUPPLEMENTED BY OUTSIDE FINANCIAL ASSISTANCE. SUCH ASSISTANCE IS URGENTLY NEEDED TO ALLOW TURKEY TO PURCHASE THE IMPORTS NECESSARY TO KEEP ITS ECONOMY FUNCTIONING WHILE THE GOVERNMENT UNDERTAKES THE NECESSARY REFORMS. WITHOUT SUCH ASSISTANCE, THE TURKISH ECONOMY WILL FURTHER DETERIORATE, WITH SERIOUS POSSIBLE CONSEQUENCES FOR TURKEY'S POLITICAL AND SOCIAL STABILITY, ITS DEMOCRATIC TRADITION, AND ITS PRO-WESTERN ORIENTATION. DURING OUR DISCUSSIONS. LAST WEEK, PRIME MINISTER ECEVIT UNDERLINED ONCE MORE THE URGENCY OF TURKEY'S NEEDS.

AN IMPORTANT SOURCE OF OUTSIDE ASSISTANCE IS THE INTERNATIONAL MONETARY FUND. DISCUSSIONS BETWEEN THE GOVERNMENT OF TURKEY AND THE IMF ARE NOW PROCEEDING ON AN ACTIVE BASIS. AN IMF TEAM WAS IN ANKARA WHILE I WAS THERE.

ONCE TURKEY HAS REACHED AGREEMENT WITH THE IMF, IT WILL BE ELIGIBLE FOR SUBSTANTIAL CREDITS FROM THE FUND. IN ADDITION, WE EXPECT PRIVATE BANKS TO RESCHEDULE ABOUT \$3 BILLION IN DEBTS AND TO PROVIDE ABOUT \$400 MILLION IN NEW CREDITS. HOWEVER -- AND THIS IS THE REASON I AM HERE BEFORE YOU TODAY -- EVEN AFTER CONCLUDING THESE ARRANGEMENTS WITH THE IMF AND PRIVATE BANKS, TURKEY WILL STILL REQUIRE MORE THAN \$1.2 BILLION IN FINANCIAL ASSISTANCE THIS YEAR TO PURCHASE ENOUGH IMPORTS TO KEEP ITS ECONOMY FUNCTIONING AT THE PRESENT UNSATISFACTORY LEVEL.

TO ADDRESS THIS URGENT NEED, A GROUP OF GOVERNMENTS CONCERNED ABOUT THE TURKISH SITUATION AGREED EARLIER THIS YEAR TO UNDERTAKE A MULTILATERAL EMERGENCY ASSISTANCE EFFORT. THE FEDERAL REPUBLIC OF GERMANY AGREED TO TAKE THE LEAD IN ORGANIZING THIS EFFORT. IT WAS UNDERSTOOD THAT SUCH A MULTILATERAL EFFORT COULD BE EFFECTIVE ONLY IN THE CONTEXT OF AN EFFECTIVE TURKISH GOVERNMENT PROGRAM FOR ECONOMIC STABILIZATION AND REFORM. SPECIFICALLY, THE MONIES ASSEMBLED IN THE MULTILATERAL EFFORT WOULD BE DISBURSED IN SUPPORT OF REFORM MEASURES WORKED OUT BETWEEN TURKEY AND THE IMF.

WITH THE SUPPORT OF MR. VAN LENNEP, THE SECRETARY-GENERAL OF THE OECD, THE GERMANS ARE SEEKING COMMITMENTS FROM POTENTIAL DONORS FOR CONTRIBUTIONS TO THE MULTILATERAL PACKAGE. AS AN INDICATION OF THE IMPORTANCE GERMANY ATTACHES TO THE SUCCESS OF THIS ENDEAVOR, CHANCELLOR SCHMIDT HAS APPOINTED MR. LEISLER KIEP, A PROMINENT GERMAN POLITICAL FIGURE, AS HIS PERSONAL REPRESENTATIVE IN THIS EFFORT. MR. KIEP HAS VISITED THE UNITED STATES AND TURKEY AND MET WITH SEVERAL OTHER POTENTIAL DONORS. HE IS COMING TO WASHINGTON AGAIN LATER THIS WEEK. IN OUR DISCUSSIONS WITH HIM, WE HAVE AGREED THAT THE TOTAL PACKAGE MUST BE LARGE ENOUGH -- PROBABLY MORE THAN \$1 BILLION -- TO PREVENT ECONOMIC COLLAPSE DURING THE PERIOD WHEN TURKEY IS PUTTING THE NECESSARY AUSTERITY MEASURES INTO EFFECT.

IT IS CLEAR THAT IN ORDER FOR THE MULTILATERAL EFFORT TO SUCCEED, THE U.S., ALONG WITH THE FRG, MUST CONTRIBUTE A MAJOR SHARE. THE ADDITIONAL \$100 MILLION IN SUPPLEMENTARY ECONOMIC ASSISTANCE FOR FY 1979 WILL BE AN IMPORTANT FACTOR IN ELICITING INCREASED CONTRIBUTIONS FROM OTHER DONORS. WE HAVE EMPHASIZED THAT THE SCALE OF OUR AID WILL BE KEYED TO THAT OF THE FEDERAL REPUBLIC, AND WE EXPECT THAT THE PRESIDENT'S DECISION TO REQUEST THIS SUPPLEMENTAL ASSISTANCE WILL LEAD TO A SIMILAR DECISION BY THE FRG. THIS JOINT COMMITMENT BY THE TWO LEADING DONORS IN THE MULTILATERAL EFFORT SHOULD THEN STIMULATE OTHERS TO ASSUME THEIR FAIR SHARE OF THE BURDEN. A PLEDGING SESSION UNDER OECD AUSPICES IS NOW SCHEDULED FOR THE 30TH OF THIS MONTH.

IN SHORT, THE \$100 MILLION SUPPLEMENTAL FOR FISCAL YEAR 1979, TOGETHER WITH THE \$98 MILLION PREVIOUSLY REQUESTED FOR FISCAL YEAR 1980, ARE ESSENTIAL FOR THE SUCCESS OF THE MULTILATERAL ASSISTANCE EFFORT. WITHOUT THIS EFFORT WE DO NOT BELIEVE TURKEY CAN SURVIVE ITS PRESENT ECONOMIC CRISIS AND UNDERTAKE THE REFORMS NECESSARY TO RESTORE ITS ECONOMIC HEALTH.

III.

LET ME NOW TURN TO DISCUSS THE ADDITIONAL GRANT MILITARY ASSISTANCE THE PRESIDENT HAS REQUESTED FOR TURKEY FOR FISCAL YEAR 1980. THIS \$50 MILLION MAP PROGRAM WILL ENABLE THE TURKISH MILITARY TO OBTAIN URGENTLY NEEDED SPARE PARTS AND REPLACEMENT EQUIPMENT. ALTHOUGH THE CONGRESS LAST YEAR REMOVED RESTRICTIONS ON SALE OF U.S. ARMS TO TURKEY, THAT COUNTRY'S ECONOMIC CRISIS HAS SEVERELY LIMITED PURCHASES OF MILITARY EQUIPMENT. THIS HAS DONE INCREASING DAMAGE TO THE MILITARY PREPAREDNESS AND MORALE OF THE TURKISH ARMED FORCES.

OUR FOREIGN MILITARY SALES (FMS) CREDITS ARE OF LIMITED HELP. THEY ARE PROVIDED AT RELATIVELY HIGH INTEREST RATES AND ADD TO TURKEY'S HEAVY DEBT BURDEN. GRANT MAP ASSISTANCE IS THEREFORE REQUIRED TO RESPOND EFFECTIVELY TO TURKEY'S MILITARY NEEDS.

SUCH A RESPONSE WOULD DEMONSTRATE TO TURKISH POLITICAL AND MILITARY LEADERS OUR COMMITMENT TO EFFECTIVE SECURITY COOPERATION WITH TURKEY. IT WOULD HELP TO MAKE CLEAR THAT THE DECISION LAST YEAR TO SET ASIDE THE MULTI-YEAR DEFENSE COOPERATION AGREEMENT OF 1976, WHICH CONTAINED A MAJOR MAP COMPONENT, DID NOT IMPLY ANY LESSENING OF UNITED STATES INTEREST IN SECURITY COOPERATION.

WE ARE NOW NEGOTIATING WITH THE GOVERNMENT OF TURKEY A NEW FOUNDATION UPON WHICH TO BASE OUR MUTUAL SECURITY RELATIONSHIP. THE NEW AGREEMENT WILL NOT CONTAIN THE KIND OF SPECIFIC MULTI-YEAR FINANCIAL COMMITMENTS ENTAILED IN THE 1976 AGREEMENT. HOWEVER, OUR WILLINGNESS TO RESPOND NOW TO TURKEY'S URGENT NEED IS NECESSARY TO SUSTAIN A CLIMATE OF EFFECTIVE COOPERATION ON ISSUES OF IMPORTANCE TO U.S. AND WESTERN SECURITY.

AS I MENTIONED EARLIER, OUR EFFORTS TO DEVELOP CLOSER COOPERATION WITH TURKEY HAVE ALREADY HAD IMPORTANT RESULTS. LAST FALL PRIME MINISTER ECEVIT ENABLED US TO REOPEN OUR DEFENSE FACILITIES AND TO RESUME INTELLIGENCE COLLECTION ACTIVITIES. MY VISIT TO ANKARA LAST WEEK REINFORCED MY CONVICTION THAT A GRANT MAP PROGRAM IS ESSENTIAL TO CONTINUED PROGRESS IN SECURITY COOPERATION WITH TURKEY.

IN REQUESTING THIS ADDITIONAL ASSISTANCE, WE HAVE TAKEN INTO ACCOUNT THE PRINCIPLE THAT MILITARY AID FOR THE COUNTRIES OF THE EASTERN MEDITERRANEAN SHOULD CONTRIBUTE TO THE PRESERVATION OF A SOUND, OVERALL BALANCE OF MILITARY STRENGTH AMONG THE COUNTRIES OF THE REGION. WE BELIEVE THAT THE PROPOSED PROGRAM IS CONSONANT WITH THAT PRINCIPLE. THE PURPOSE AND EFFECT OF THE PROGRAM WILL BE TO CORRECT DEFICIENCIES IN THE CURRENT STATE OF TURKISH MILITARY PREPAREDNESS AND TO HELP TURKEY MEET NATO REQUIREMENTS WHICH IT IS NOW UNABLE TO FULFILL.

IV.

WE HAVE ALSO CONSIDERED OUR REQUESTS FOR ADDITIONAL ASSISTANCE TO TURKEY IN LIGHT OF OTHER IMPORTANT FOREIGN POLICY OBJECTIVES IN THE EASTERN MEDITERRANEAN. ONE PROBLEM THAT DIRECTLY AFFECTS US AS MEMBERS OF NATO IS THE FACT THAT ARRANGEMENTS HAVE NOT BEEN FULLY WORKED OUT TO REINTEGRATE GREEK FORCES INTO THE MILITARY STRUCTURE OF NATO.

ALTHOUGH THIS IS A MATTER FOR DECISION BY ALL NATO MEMBERS, GREECE AND TURKEY ARE THE MOST DIRECTLY INVOLVED. AT THE PRESENT TIME, GENERAL HAIG, UNDER A MANDATE FROM NATO SECRETARY GENERAL LUNS AND THE MEMBER COUNTRIES, IS WORKING TO RESOLVE CERTAIN TECHNICAL MILITARY ISSUES WHICH WILL FORM THE PREDICATE FOR REINTEGRATION. WE SUPPORT THIS EFFORT TO ACHIEVE THE EARLIEST POSSIBLE REINTEGRATION OF GREEK FORCES AND LOOK FORWARD TO THE ENHANCEMENT OF GREECE'S RELATIONSHIP WITH THE ALLIANCE. DURING MY MEETINGS WITH PRIME MINISTER ECEVIT LAST WEEK, HE ASSURED ME THAT TURKEY INTENDS TO WORK DILIGENTLY TO FIND A MUTUALLY AGREEABLE BASIS FOR THE REINTEGRATION OF GREECE INTO THE MILITARY STRUCTURE OF NATO.

ANOTHER ISSUE OF GREAT IMPORTANCE TO US IN THE EASTERN MEDITERRANEAN IS THE CONTINUED UNSETTLED SITUATION IN CYPRUS. AS WE HAVE INDICATED IN PREVIOUS TESTIMONY BEFORE THE COMMITTEE, WE HAVE WORKED HARD TO SUPPORT UN SECRETARY GENERAL WALDHEIM IN HIS EFFORTS TO BRING THE TWO CYPRIOT COMMUNITIES TOGETHER IN A RESUMPTION OF INTERCOMMUNAL TALKS.

WE ARE THEREFORE ENCOURAGED THAT THE SECRETARY GENERAL HAS ARRANGED TO CONVENE A MEETING IN NICOSIA LATER THIS WEEK BETWEEN PRESIDENT KYPRIANOU AND TURKISH CYPRIOT LEADER DENKTASH WITH THE AIM OF RECONVENING THE FORMAL NEGOTIATIONS. LAST MONTH I MET WITH THE SECRETARY GENERAL IN NEW YORK TO OFFER OUR SUPPORT FOR HIS EFFORTS, AND WE REMAIN IN CLOSE TOUCH WITH HIM IN THIS IMPORTANT PERIOD. I ALSO DISCUSSED THIS SUBJECT WITH PRIME MINISTER ECEVIT LAST WEEK. HE AGREED THAT THE NICOSIA SUMMIT OFFERS THE BEST OPPORTUNITY IN RECENT TIMES TO GET THE INTERCOMMUNAL TALKS STARTED AGAIN, AND HE SHARES OUR HOPES THAT THE MEETING WILL BE PRODUCTIVE.

V.

IN SUM, THE PRESIDENT'S REQUESTS FOR ADDITIONAL ECONOMIC AND MILITARY ASSISTANCE FOR TURKEY ARE ESSENTIAL TO THE PURSUIT OF OUR NATIONAL SECURITY AND FOREIGN POLICY OBJECTIVES IN A TROUBLED YET VITAL REGION OF THE WORLD. I URGE THE COMMITTEE TO SUPPORT THESE REQUESTS.

NECESSITY OF SOVIET AGREEMENT TO U-2 FLIGHTS OVER TURKEY

Mr. HAMILTON. Thank you very much, Mr. Secretary.

The newspaper reports this morning that in your negotiations last week with Mr. Ecevit, Mr. Ecevit took the position that he would not permit U-2 flights unless Moscow agreed.

Does that mean that the Soviet Union now has a veto power over our flyover rights over Turkey to check on Soviet compliance with the SALT treaty?

Mr. CHRISTOPHER. Mr. Chairman, beyond responding to that question with a simple negative, I would like to say that I will not be able to discuss, in open session, any other aspects of my conversation with the Prime Minister on that subject. If the committee desires to do so in closed session, I would be glad to do so.

Mr. HAMILTON. Would you comment on the accuracy or the inaccuracy of the article that appeared this morning in "The New York Times"?

Mr. CHRISTOPHER. I think to do so would get me into a characterization of the diplomatic conversation. I began by saying that I could respond to your question in the negative, but beyond that simple response, I think if we begin to go through the newspaper story paragraph by paragraph, I will do precisely what I should not do, and that is to discuss a diplomatic exchange on intelligence matters in an open hearing.

Mr. HAMILTON. The difficulty with that position, as you understand, Mr. Christopher, is that the report has now come out and the report states unequivocally that Turkey has told the United States that only if Moscow does not object will it allow the American U-2 reconnaissance planes to fly over its territory.

That stands now in the public domain and people will accept that as the correct position.

Mr. CHRISTOPHER. The Turkish Government has issued a statement on the subject which I am sure either the committee has or I will be glad to make available to the committee. It is the long-standing policy of our department, which I intend to follow, of not discussing intelligence matters in open session. I will be glad to discuss them with you and your committee in a closed hearing.

MAINTENANCE OF INTELLIGENCE GATHERING BASES

Mr. HAMILTON. One impression that exists here on the Hill, Mr. Secretary, is that because of our interests in keeping the intelligence gathering facilities open in Turkey, we are placing priority on that and we are not pressuring Turkey towards a Cyprus settlement and we are not pressuring Turkey to permit Greece to come into NATO. I would like for you to comment on that perception, if you would.

Mr. CHRISTOPHER. I would say that perception is incorrect, Mr. Chairman. We do not conduct our relations with other sovereign countries in terms of pressure. But we have been using our most urgent persuasion with Turkey to try to resolve both of those issues which are of great importance to us.

I have talked with Prime Minister Ecevit on several occasions and I think on each of the recent occasions I have told him of the importance that we attach to Greece's early reintegration into NATO

and to a solution of the Cyprus problem. I found a very responsive listener in connection with those conversations.

I am convinced, myself, Mr. Chairman, that Prime Minister Ecevit is using his best offices to try to insure that Mr. Denktash gives a positive and forthcoming response at the summit meeting which will take place this weekend.

RANKING OF U.S. PRIORITIES IN EASTERN MEDITERRANEAN

Mr. HAMILTON. We have a number of interests in that area, as you know. We want these intelligence bases open; we would like to get the Cyprus problem resolved; we would like to get Greece into NATO, and so forth.

How do we rank our priorities in that area? When you have these conversations with Mr. Ecevit, what is at the top of your list so far as United States vital interests are concerned and what is the second item on that list?

Mr. CHRISTOPHER. Mr. Chairman, I have not dealt with him in terms of those priorities. But if you ask me for priorities, I would have to rate the security interests of the United States as our No. 1 priority.

Mr. HAMILTON. Does that mean, then, that the intelligence bases take priority over, say, a solution to the Cyprus problem?

Mr. CHRISTOPHER. If I had to rate the priorities for the United States, I would have to rate our security interests as the No. 1 priority. That does not mean we do not have other interests and do not pursue them vigorously. But the bases in Turkey serve a number of purposes. They serve an intelligence function for the United States. They are part of the SALT I verification program. They serve to strengthen that vital anchor of NATO. I am not at all ashamed or abashed to say that I believe that ought to be the United States' No. 1 priority. But this does not keep us from placing a very, very high priority on trying to solve the longstanding humanitarian problem that is Cyprus.

I believe Prime Minister Ecevit is using his good offices consistently with Mr. Denktash to try to resolve that longstanding, serious, humanitarian problem which has troubled that area for at least 20 years and probably for a century.

SENATE ACTION ON GRANT AID REQUEST

Mr. HAMILTON. Finally, Mr. Secretary, may I have your comment on the recent action in the Senate. As you know, they took the \$50 million grant request and changed it to FMS financing. Do you support the change that was made in the Senate, and if you do not, why don't you?

Mr. CHRISTOPHER. Mr. Chairman, I do not support the change that was made in the Senate. The administration continues to believe and I continue to believe that grant military assistance is desirable for Turkey under the present circumstances.

While the FMS credits do improve the state of Turkey's military readiness, they are not an adequate substitute for grant military assistance.

Military assistance, by way of grant sums, are designed to meet urgent needs for spare parts and support equipment.

I think that in Turkey's present economic conditions, grant military assistance is particularly suitable. FMS credits only complicate and

aggravate Turkey's economic situation, adding to its debt and adding to its repayment burdens in relatively early years.

I am pleased that the Senate Committee recognized, at least in part, the correctness of that argument by making the \$50 million in FMS credits more concessional, providing a longer repayment period and a longer grace period. But I think, both from a psychological and practical standpoint, it is highly desirable at this stage in our relationship with Turkey, for us to have a relatively modest grant MAP program, as reflected by the request for \$50 million. It will say to the Turkish political and military interests that we are concerned about them and desire to arrest the deterioration that has taken place in the Turkish military forces.

Mr. HAMILTON. Thank you.

Mrs. Fenwick.

IMPORTANCE OF TURKEY

Mrs. FENWICK. Thank you, Mr. Chairman.

Mr. Secretary, it seems to me that there is something incongruous in the difference between your very kind and understanding report to us and what we read in the papers. The papers suggest a sort of "better be careful" feeling, or "we don't want to be anybody's bread basket," or "we are going to move in our own interest," or "we are interested in getting the Arabs to be more friendly to us and the Arabs have plenty of money."

There is something that always worries me about such completely incompatible statements. They simply do not compare with each other. How is that, Mr. Christopher? Is there some special reason for this hostile attitude?

Mr. CHRISTOPHER. I am not sure I can relate your description to the requests that are made here. The requests for \$100 million in economic supporting assistance and \$50 million in military assistance for Turkey are to support a longtime and close NATO ally. It is a country whose strategic importance has already been great and has grown by reason of the turbulence in the Middle East.

I think the events in the Arab world only underscore the importance of Turkey. So I must say that I do not see anything incongruous about the request for Turkey.

Mrs. FENWICK. No; I don't either. But you are so understanding and kind in your testimony, and that is as it should be. You are clearly taking up the cudgels for them. As you know, I myself have voted to lift the embargo against Turkey. But the Turkish attitude as expressed in our newspapers is quite disconcerting.

Mr. CHRISTOPHER. The attitude that is ascribed in the paper to Turkish officials is one that I would not associate myself with. I have not found them to be demanding beyond what is reasonable in their circumstance. I feel as if the Turkish leadership is grappling with one of the world's most difficult problems in as responsible a way as their political situation would permit.

SOUTH YEMEN THREAT TO OMAN

As far as Oman goes, the request for Oman is a modest one, but it is meant to take into account, at least in part, their support for our

Middle East peace efforts as well as the pressure under which their society comes with the increasing danger from South Yemen.

Mrs. FENWICK. Oh, I would support that heartily. Thank you, Mr. Chairman.

Mr. HAMILTON. Mr. Rosenthal.

SALT II VERIFICATION

Mr. ROSENTHAL. Thank you, Mr. Chairman.

Mr. Christopher, if the story in this morning's newspaper is correct about Turkey permitting the Soviets to have a veto over our use of their airspace by the U-2's, that would have an enormous impact on the SALT verification provisions, wouldn't it? This is, if the story were true?

Mr. CHRISTOPHER. Mr. Rosenthal, I really must ask that we not start down the road in open session of questions with respect to the intelligence matter involved in the U-2 flights. It is very tempting to begin to answer the first question and then be drawn into a series of questions in which I would either have to answer by way of denial or leave a very false impression on the record.

I would be very glad to meet with the committee today or any other day in closed session to discuss this.

Mr. ROSENTHAL. Well, your refusal to deny it leads me to the inescapable conclusion that it is substantially correct.

Mr. CHRISTOPHER. I have denied the correctness; I have indicated that the story is not correct. But I am not inclined in this open session to be pursued on the matter.

Mr. ROSENTHAL. For the sake of discussion, if it were correct, it would have an enormous impact on SALT, wouldn't it?

Mr. CHRISTOPHER. Congressman Rosenthal, I simply ask, and I ask for the support of the chairman, not to be pursued on the matter of intelligence overflights in an open session.

Mr. HAMILTON. Mr. Christopher, I am not in a position that I can rule out questions that are asked by members. I think you have made your position clear. I would simply ask the members to listen to what you have had to say about it and they will have to use their own discretion as to the questions that they ask.

NONEXISTENT HOUSE LEGISLATION

Mr. ROSENTHAL. We equally have the right to draw any inference or conclusions we choose, and so does the American public.

What vehicle is being used, legislatively, for this request here in the House, that is, the \$100 million economic assistance and the \$50 million grant military assistance?

Mr. CHRISTOPHER. The matter is being pursued in the Senate. It was before the Senate committee and was acted on there.

Mr. ROSENTHAL. I mean in the House. What vehicle is being used here in the House?

Mr. CHRISTOPHER. Presumably it will come before the House in the form of a conference committee report.

Mr. ROSENTHAL. Isn't that a most unusual procedure?

Mr. CHRISTOPHER. Well, given the timing, it seemed to be the procedure that was the most propitious one and the most available one at the time the request was made.

Mr. ROSENTHAL. But you have plenty of time here. Do you mean you have not sent up any legislation seeking this assistance?

Mr. CHRISTOPHER. We have sent up the legislation to the Senate seeking assistance.

Mr. ROSENTHAL. In other words, you are testifying before a House committee on nonexistent legislation, aren't you?

Mr. CHRISTOPHER. Congressman Rosenthal, I was invited to testify before the committee on these two matters. I have come here in response to that invitation.

Mr. ROSENTHAL. I am trying to do this as deferentially as I know how. There just is no legislation pending before the House on these matters.

Mr. CHRISTOPHER. I am told that we have sent up draft legislation to Speaker O'Neill seeking this amount.

Mr. ROSENTHAL. On the \$50 million grant military assistance?

Mr. CHRISTOPHER. No; I believe it is only on the \$100 million supplemental for fiscal year 1979.

Mr. ROSENTHAL. So, do you want to withdraw your testimony on the \$50 million grant military assistance?

Mr. CHRISTOPHER. I don't want to recall any testimony or withdraw any testimony with respect to the need for that grant military assistance. I am hopeful that at some point it may become relevant.

Mr. ROSENTHAL. Well, you can talk about medical care or anything else. There are a lot of things we could talk about that are not before the committee.

Let's be very frank and honest with each other and lay our cards on the table. You don't intend to submit this \$50 million request to the House.

REQUEST PROCEDURE

Mr. CHRISTOPHER. Congressman Rosenthal, I think the request for the additional funds was submitted after the House of Representatives had acted on this portion of the legislation. So the only way to handle what seemed to be an urgent matter was to present the matter to the Senate.

Mr. ROSENTHAL. Is it because you tried to avoid confrontation in the House committee and in the House itself?

Mr. CHRISTOPHER. Congressman, I would not be here today if we were trying to avoid anything. I am anxious to lay this—

Mr. ROSENTHAL. Why don't you send it up today and we can act on it tomorrow, or the next day, or next week, or anytime?

I think the House committee is entitled to an opportunity to act on that \$50 million.

Mr. CHRISTOPHER. My understanding was that the House had already acted on the bill.

Mr. ROSENTHAL. But we can act on \$50 million at any time. We are very flexible procedurally.

As a matter of principle, I find your procedure highly offensive. Win, lose, or draw, regardless of what happens, it is not only sloppy, it is a devious procedure.

Mr. CHRISTOPHER. Well, I did not mean it to be offensive, and certainly not devious, and I would not have immediately responded to the committee's request to appear and testify on these subjects if I had intended in any way to be devious.

SUPPORT FOR GREEK REINTEGRATION INTO NATO

Mr. ROSENTHAL. Is Turkey hindering Greek reintegration into NATO?

Mr. CHRISTOPHER. My opinion is that it is not.

Mr. ROSENTHAL. Then would you tell us why we have the current situation? What is the problem? That is what we were told.

Mr. CHRISTOPHER. Well, the present situation is that General Haig has a mandate from Secretary General Luns to try to work out the technical military details of the reintegration of Greece into NATO. I think it is common ground between Greece and Turkey and all the other members of NATO that it is desirable for Greece to return to NATO.

My conversations in Ankara last week brought me to the firm conclusion that Turkey places a high value on that and is cooperating in that effort.

Mr. ROSENTHAL. How long has that been going on?

Mr. CHRISTOPHER. The effect has certainly been going on since the first of the year.

Mr. ROSENTHAL. Is it your testimony that Turkey is not in any way hindering Greek reintegration into NATO?

Mr. CHRISTOPHER. Yes; my testimony is that my understanding of the present positions is that Turkey is cooperating in an effort to find a mutually acceptable basis.

Mr. ROSENTHAL. Have you discussed this problem with Mr. Ecevit?

Mr. CHRISTOPHER. I discussed, in general, the problem with Mr. Ecevit.

Mr. ROSENTHAL. What is his problem?

PROBLEMS FACING REENTRY

Mr. CHRISTOPHER. It is a negotiation that is going on between the countries involved. I would say that it will have to be acceptable to Greece as well as to Turkey.

Mr. ROSENTHAL. The United States is a principal, a partner, in NATO and we are a principal in those discussions. What is the problem? What is Ecevit's problem?

Mr. CHRISTOPHER. I think you are assuming, Mr. Rosenthal, that it is Ecevit's problem.

Mr. ROSENTHAL. Well, what is England's problem? Is England blocking Greek reentry?

Mr. CHRISTOPHER. Not that I know of.

Mr. ROSENTHAL. Well, what is?

Mr. CHRISTOPHER. What is blocking it at the present time is a lack of a mutually agreeable basis.

Mr. ROSENTHAL. Between who and who?

Mr. CHRISTOPHER. Well, the two most important parties are Greece and Turkey.

Mr. ROSENTHAL. They are not the two most important parties to Greek reintegration into NATO. We are an important party; the French are an important party; the Dutch are an important party. Who is doing this?

Mr. CHRISTOPHER. I accept that correction.

The two most directly geographically affected parties are Greece and Turkey, and General Haig has been working diligently to find a basis for Greece to reenter.

Mr. ROSENTHAL. But what is the problem?

AEGEAN SEA ISSUES

Mr. CHRISTOPHER. It involves issues in the Aegean Sea.

Mr. ROSENTHAL. But between who and who? Between Greece and Belgium?

Mr. CHRISTOPHER. Between Greece and Turkey.

Mr. ROSENTHAL. So what is Turkey's problem?

Mr. CHRISTOPHER. Congressman Rosenthal, I think there is an assumption in your question that may not be wholly accurate.

Mr. ROSENTHAL. Well, tell me where it is inaccurate.

Mr. CHRISTOPHER. It is a problem of finding a basis for reentry which will be agreeable to both countries.

Mr. ROSENTHAL. But NATO is not a two-country organization.

I still don't understand. Either Turkey has a problem or Great Britain has a problem, somebody has a problem. What is the problem blocking Greece's reentry?

Mr. CHRISTOPHER. The problem is to try to find a way for Greece to return to NATO without affecting the issues involving the Aegean Sea.

Mr. ROSENTHAL. Bilateral relationships.

Mr. CHRISTOPHER. Bilateral relationships.

TURKISH INFLUENCE IN CYPRIOT DECISIONMAKING

Mr. ROSENTHAL. OK.

Now you said, and I quote, that, "Ecevit is using his good offices with Mr. Denktash to try to get a resolution of the Cyprus situation."

Couldn't Ecevit sort of tell Denktash we are going to take out 15,000 troops tomorrow morning if you don't straighten this thing out quickly?

Mr. CHRISTOPHER. I am sure, Congressman Rosenthal, that Mr. Ecevit has a good deal of influence with Mr. Denktash. But we have found in our own relationships with other countries to which we supply substantial aid that there is not a one-to-one relationship between our desires and their actions.

Mr. ROSENTHAL. You leave the impression that Ecevit is using his good offices with Denktash as if they were equals. They are not equals by a long shot. Ecevit is propping up Denktash, both militarily and financially.

Mr. CHRISTOPHER. Mr. Denktash is the leader of the Turkish Cypriot community on Cyprus. He has an important independent standing in that area. Unquestionably he is aided by the Turkish Government.

But, as I have said, as we have found in many of our aid relationships, that does not give one party the absolute right to control the other party. Ecevit has his own political problems within the Turkish community in Cyprus. I am satisfied that Ecevit is using his good offices to try to promote a solution on Cyprus.

Mr. ROSENTHAL. Well, when this summer arrives, the Turkish Government will have had 5 years to do that.

Mr. CHRISTOPHER. I would certainly agree with you that that problem has not been solved as rapidly as any of us would like.

Mr. ROSENTHAL. I don't want to burden the rest of the committee as I know other members have very pertinent questions. But I don't see how we can support this nonexistent request in this nonexistent House of Representatives.

Mr. CHRISTOPHER. I hope that, if the matter comes before you, Congressman Rosenthal, you will take into account the importance of supporting Turkey at this time.

POSSIBLE HOUSE REJECTION OF CONFERENCE COMMITTEE REPORT

Mr. ROSENTHAL. I appreciate all that because I tend to agree with you that Turkey is very important. But if you are going to let this come before this House as a result of a conference committee report, we are going to have to maintain the dignity and integrity of the House and reject it totally.

Mr. CHRISTOPHER. We will certainly reexamine whether or not we have failed in some manner of propriety to bring that before the committee.

Mr. ROSENTHAL. That is all I have.

Mr. HAMILTON. Mr. Pease?

LEVEL OF TURKISH COOPERATION IN REENTRY ISSUE

Mr. PEASE. Thank you very much, Mr. Chairman.

I have a series of questions. In connection with Mr. Rosenthal's line of questioning, I would just note, Mr. Christopher, that I believe you said Turkey is cooperating to find a mutually agreeable arrangement in the Aegean Sea and elsewhere. That is different from saying that there is not any problem involving Turkey and the reentry of Greece into NATO. I think we might as well admit that there is a problem. You are saying that Turkey is being cooperative in trying to resolve the problems.

Isn't that correct?

Mr. CHRISTOPHER. Yes; I think that is correct. There is a natural inclination on the part of both parties to the Aegean dispute not to be disadvantaged by the basis on which Greece returns to NATO. That produces the need to find satisfactory technical military procedures and arrangements for them to return without adversely affecting one way or the other the Aegean issues.

Now I think it is not unnatural that it has taken some time for that to be worked out. It is being worked out in technical military channels by General Haig, working with the Turkish military and the Greek military. I hope the problem is reasonably near to resolution.

Mr. PEASE. Would you say that Turkey's cooperative spirit in this matter of Greek reentry into NATO is on about the same level as Turkish cooperation in finding a resolution to the Cyprus problem?

Mr. CHRISTOPHER. It is hard for me to assess levels of cooperation. I would have to say that it seems to me that the reentry into NATO should be a simpler problem, more tractable, less longstanding, less his-

toric, less based upon fundamental longstanding anxieties, if not something more deep than that.

So, I think that we can hope for and look for a relatively early resolution to the reintegration problem. I am hopeful but not sanguine, on the Cyprus problem because it has been there and is of such longstanding duration.

I would think a major step forward has been taken, Mr. Pease, if the intercommunal talks can be restarted on a basis using the Denktash-Makarios principles as the foundation and some early steps to deal with the most urgent problems between the two communities.

U.S. CONTRIBUTION TO MULTINATIONAL EFFORT

Mr. PEASE. I appreciate that answer. The reason I asked the question and tried to link the two is the following. As you know, many of us who voted to lift the arms embargo in 1978 were led to hope, if not to believe, that lifting the arms embargo would be followed by some positive, obvious step on the part of Turkey and the Turkish Cypriots toward resolving that conflict. What we have seen so far is evidence that the Turks are happy to talk about it and not much more. I would hope that the same thing does not happen in relation to Greece's reentry into NATO.

Turning to this request, you say in your testimony that Turkey needs this year at least \$1.2 billion in economic support, assuming that it gets aid from IMF and elsewhere. I see that you are asking for \$100 million from us. We are led to believe that the Federal Republic of Germany, while a lead nation, prefers not to get ahead of the United States in the amount of money that it gives. It wants to have us be the major money giver for reasons of internal European politics.

If that is the case, then our contribution and theirs would add up to less than \$200 million. Do we have any assurances that the \$800 million additional will be forthcoming from somebody?

Mr. CHRISTOPHER. Mr. Pease, let me go through those numbers again. I may have done something to mislead you. The numbers are a little more encouraging than you have suggested.

The contribution that the United States hopes to make will be a total of approximately \$250 million. That will be made up of \$98 million from the fiscal year 1980 economic support assistance fund; \$100 million from the supplemental that we are seeking in fiscal year 1979; and, we hope and expect, approximately \$50 million in Eximbank credits, which we hope will be forthcoming when an agreement is reached between the International Monetary Fund and the Government of Turkey.

We thus are hoping that our contribution to the multilateral effort can be in the range of \$250 million, including the \$50 million Eximbank credits.

We hope that the contribution from Germany will be commensurate with that or at least in that range. That would mean that those two countries, if those sums are forthcoming, would make nearly half a billion dollars. We hope that by setting that high standard, other countries will be drawn to come into the picture in substantial sums as far as their own economies are concerned.

This would mean that countries like France, and now the United Kingdom, with its new government, Japan, Saudi Arabia, and the other OECD countries, would come either to fill the gap that exists or to come very near to closing it.

We can discuss more fully, if you like, the way that gap is calculated. Although it certainly will be difficult and will require a major effort not only by the United States and Germany but by other OECD countries, I think there is a prospect of getting either to that gap closing or near to it.

DEFENSE COOPERATION AGREEMENT

Mr. PEASE. I do not look upon Evans and Novak as the ultimate experts in foreign policy, but they did advance the theory yesterday that the Carter administration somehow failed when it did not push to completion the Defense Cooperation Agreement that had been tentatively worked out with Turkey, and that this has emboldened the Soviets to begin a subversion attempt on Turkey similar to what was beamed at Iran in the last months of the Shah's regime. I should say for the sake of my colleagues that the Carter administration was supposed not to have pushed the Defense Cooperation Agreement out of deference to opinions in Congress.

Would you comment on the accuracy of that report?

Mr. CHRISTOPHER. Well it would take me a long time.

First, let's go back to the Defense Cooperation Agreement. When the Carter administration came into office, there was on the table a 4-year Defense Cooperation Agreement with a total pricetag, as I recall, of \$1 billion. When we assessed the matter, it was the conclusion of the President that an effort should be made to try to end the arms embargo because of its deleterious effect on the Turkish military and their relations with NATO; but that at the same time we should not ask Congress to act 4 years in advance, to buy a 4-year program with its commitment of \$200 million in grant military assistance and \$800 million in other military aid.

So, for reasons that seemed plausible and reasonable to us, we came to the Congress and said we will remove the arms embargo, but we will withdraw, with the agreement of Turkey, the Defense Cooperation Agreement and will ask you to act only 1 year at a time.

That proposal was discussed with the Turkish leadership and was presented here in Congress. It resulted in the withdrawal of the arms embargo and a 1-year program for Turkey and Greece as well. As you know, last year's Congress gave very substantial military assistance to Greece as well as to Turkey. Indeed, I think there was \$32 million in grant military assistance last year for Greece and none for Turkey.

I think the removal of the embargo has improved the relations between the United States and Turkey and begun the improvement of the Turkish military or the arresting of the deterioration of the Turkish military.

So, I do not agree if the implication is that we have not enhanced the security of the United States by taking these steps. We have much more to do.

That same article characterized my trip there as having been a failed mission. I think the record will show that it was not. I would not put it down as a roaring success, either. But I think it was one of

a series of consultations that must go on between close allies and that must go on especially when you have had the disadvantage of a 4-year embargo and deterioration of the Turkish military that resulted in part from that.

Mr. PEASE. Thank you, Mr. Chairman.

Mr. HAMILTON. Mr. Findley.

DENKTASH-KYPRIANOU MEETING

Mr. FINDLEY. Thank you, Mr. Chairman.

Mr. Secretary, as you know, I joined with Chairman Hamilton and others to help lift the embargo a year ago. When I reread some of my speeches of that era, I noted that I gave some assurance that good things would fall on Cyprus if the embargo were lifted.

I cannot see that anything good has happened on Cyprus. If you can list some good things that have happened on Cyprus, I would like to hear about them.

Mr. CHRISTOPHER. Let me say, Mr. Findley, that I wish more had been done on Cyprus. I would say that two good things have happened on Cyprus. The first is that a meeting between Denktash and Kyprianou will take place this weekend. I think that a meeting face to face, under the auspices of Secretary General Waldheim of the U.N. is itself a step in the right direction.

Mr. FINDLEY. Have both sides agreed to negotiate?

Mr. CHRISTOPHER. I cannot tell you that both sides have agreed to negotiate. They have agreed to spend approximately 3 days in conversations, and where talks leave off and negotiations begin is always one of those mysterious events.

Mr. FINDLEY. Have they agreed on an agenda?

Mr. CHRISTOPHER. They have not agreed on an agenda.

Mr. FINDLEY. What hope do you have? Are you optimistic that these 3 days will lead to an advance?

Mr. CHRISTOPHER. I think there is a reasonable chance that out of these conversations will come the recommencement of intercommunal negotiations.

I would much rather look forward than backward, Mr. Findley, but I could not—

Mr. FINDLEY. Well, the trouble is we are going to be faced with an issue before too long if there isn't some progress on Cyprus. That is the problem. I would prefer not to look back either. But people will be rereading my speeches back to me and asking what good things have happened. If the only thing I can cite is 3 days of talks without agenda and without a change in the course of events on Cyprus, it won't be very persuasive. We may be in a worse jam this summer than we were a couple of years ago.

Mr. CHRISTOPHER. I don't want to handicap the progress that the parties might make by attempting to assess the reasons for the lack of progress over the course of the last year.

Mr. FINDLEY. Mr. Chairman, would this be an appropriate time to make a motion that, at the discretion of the Chair, the hearings be in executive session? I make that motion not for immediate effect because

I don't want to deprive anyone of the opportunity of making inquiries in public of the witness. But reference has been made to the U-2 negotiations, to negotiations concerning Cyprus and to other matters, and I think the subcommittee would like to have candor in its discussion of these sensitive topics. With that in mind, I would like to offer a motion that, at the discretion of the Chair, today's hearings be continued in executive session.

Mr. HAMILTON. The question is on a motion from the gentleman from Illinois. I think that motion requires a rollcall vote.

The clerk will call the roll.

Mr. VAN DUSEN. Chairman Hamilton.

Mr. HAMILTON. Aye.

Mr. VAN DUSEN. Congressman Rosenthal.

Mr. ROSENTHAL. No.

Mr. VAN DUSEN. Congressman Pease.

Mr. PEASE. Aye.

Mr. VAN DUSEN. Congressman Studs.

[No response.]

Mr. VAN DUSEN. Congressman Barnes.

Mr. BARNES. Aye.

Mr. VAN DUSEN. Congressman Fountain.

[No response.]

Mr. VAN DUSEN. Congressman Findley.

Mr. FINDLEY. Aye.

Mr. VAN DUSEN. Congresswoman Fenwick.

Mrs. FENWICK. Aye.

Mr. VAN DUSEN. Congressman Winn.

[No response.]

Mr. VAN DUSEN. On this vote there are five ayes and one nay.

Mr. HAMILTON. The motion is carried. At the appropriate time we will go into executive session.

Mr. Findley.

TURKISH TROOPS ON CYPRUS

Mr. CHRISTOPHER. Mr. Findley, before you continue, might I indicate one other area of progress.

Mr. FINDLEY. Oh, yes, please. I am very eager for that.

Mr. CHRISTOPHER. My best judgment is that there has been a substantial drawdown of troops, Turkish troops, on the island of Cyprus.

Mr. FINDLEY. Could you tell us approximately how many? Is two battalions correct?

Mr. CHRISTOPHER. I think it has been drawn down from the original 38,000 who were there to well below 25,000. Unofficial figures, which I am trying to verify, indicate that it may have been drawn down to below 20,000.

If that is the fact, and I am inclined to think it is the fact, then it is substantial progress.

Mr. FINDLEY. Are there any other good items that you can list, or is that about it?

Mr. CHRISTOPHER. I think in the last month there has been a renewed spirit on both sides of the desirability of getting at the underlying problems between the two communities. But we will have a very early test of whether that spirit will be reflected in the talks this week.

RENEWAL OF U.N. FORCES

Mr. FINDLEY. Is Waldheim committed to a followup after these 3 days?

Mr. CHRISTOPHER. I think Waldheim is committed to pursue this matter, Mr. Findley. He is committed to a followup in the sense that he is required to report to the U.N. Security Council by the end of May in connection with the renewal of the U.N. forces on Cyprus now.

The fact that he even has to make that report exerts a certain influence on both the parties.

RETURN OF GREEK CYPRIOTS TO FAMAGUSTA

Mr. FINDLEY. Would the United States support trying to get Turkey to withdraw from Famagusta and letting the United Nations supervise the return of Greek Cypriots to their homes as a basis for breaking this deadlock?

Mr. CHRISTOPHER. Mr. Findley, the United States has tried to play the role of an interested third party to help both parties reach an agreement. Last fall, when there seemed to be a deadlock between the parties and the matter was being pursued at the United Nations without any substantial hope of resolving the underlying problems, the United States did prepare a draft paper, and one of the aspects of that draft paper was an early return to Famagusta of the Greek Cypriot refugees. That would certainly be one of our hopes.

Mr. FINDLEY. But we are not prepared to press that, is that correct?

Mr. CHRISTOPHER. We have encouraged both the Turkish Government and Dr. Denktash to give a high priority to that and in connection with the negotiations we are prepared to press it to that degree.

PROGRESS ON CYPRUS KEY ISSUE

Mr. FINDLEY. Mr. Chairman, I will have no further questions but would like to make an observation.

It seems to me more plainly than ever before that progress on Cyprus is the key to improved relations between Greece and Turkey and the reentrance of Greece into the integrated command structure of NATO, and to the reactivation of very vital intelligence bases which are very important to our Nation. I have the impression that the United States is actually taking a lesser role in pressing for a settlement of the Cyprus problem than was the case a year ago. We seem to have shifted the problem to the United Nations, where I do not really see much promise for success.

Mr. CHRISTOPHER. Would you like to have me comment on that, Mr. Findley?

Mr. FINDLEY. If you wish.

UNITED NATIONS AS NEGOTIATION CHANNEL

Mr. CHRISTOPHER. I want to assure you that the United States has not taken a lesser role or a back seat. All of the parties to that misunderstanding or that tragic situation have urged us to work through the United Nations. The Greek Cypriots, the Turkish Cypriots, the

Greek Government, and the Turkish Government have each told us that we would serve best by working through Secretary General Waldheim and the United Nations. We have tried to follow that advice given to us by all parties to that tragic situation.

Sometimes it is frustrating to try to follow that advice. But we think it is in the best interest of resolution. We have tried to work with the Secretary General in the planning for the forthcoming meeting.

Mr. FINDLEY. Thank you, Mr. Chairman.

Mr. HAMILTON. Mr. Barnes.

Mr. BARNES. I have no questions at this time, Mr. Chairman.

Mr. HAMILTON. Mr. Solarz.

U.S. AID CONTINGENT ON CONSORTIUM AGREEMENT

Mr. SOLARZ. Thank you, Mr. Chairman.

Mr. Secretary, how much of this proposed \$250 million aid to Turkey is contingent upon a consortium agreement and to what extent is the consortium agreement to provide up to \$1.2 billion in additional aid to Turkey contingent on an IMF agreement?

Mr. CHRISTOPHER. All of our proposed contribution to the multilateral agreement is closely hinged to the working out of an IMF agreement between Turkey and the IMF. Our making payments into this multilateral fund is also closely hinged to what the Federal Republic of Germany does.

We can go through each of the steps, but I would say in the broadest sweep that the United States effort here is related to, hinged to, and dependent upon an IMF agreement and the performance of other donors.

Mr. SOLARZ. So, in effect, this \$250 million in economic assistance comes from different components and is contingent upon a consortium agreement for several countries to provide additional aid to Turkey, plus an agreement between Turkey and the IMF.

ROLE OF FRG

Mr. CHRISTOPHER. Yes. The dependency is most apparent between the United States and the Federal Republic of Germany.

Germany has agreed to take the lead in the consortium. I think the fact that we are coming forward with this large sum is related to their doing likewise.

Mr. SOLARZ. But if the Federal Republic came forward and some of the other European countries did, as well, but Turkey was unable to negotiate an agreement with the IMF, would we still provide the aid?

ROLE OF IMF

Mr. CHRISTOPHER. Mr. Solarz, I think it is very unlikely that the whole program would go forward unless an agreement was reached with the IMF, and for a number of practical reasons. You see, the gap is not \$1.2 billion, but the total gap is something like \$2.2 billion. A

substantial portion of that gap must come from the IMF's funds. A substantial portion of that gap, about \$400 million, must come from the private banks. Unless those sums are forthcoming, there will simply not be the kind of program that will rescue Turkey.

IMPORTANCE OF TURKEY FOR SALT II VERIFICATION

Mr. SOLARZ. To what extent, Mr. Secretary, are our ground intelligence and military facilities in Turkey essential for verification of a SALT II agreement?

Mr. CHRISTOPHER. They are highly important.

Mr. SOLARZ. Are they essential? In other words, could we have confidence in our ability to effectively verify Soviet compliance with SALT II if, for some reason, we were unable to use those facilities?

Mr. CHRISTOPHER. In the intelligence business, it is seldom that any one facility is essential or not subject to relatively early replacement. That is why I used the formulation "highly important."

I would feel that if we were to lose any single intelligence source with our technical capacity and our ingenuity, we would find ways to replace it. But they are highly important facilities.

Mr. SOLARZ. In other words, you would not say to the Congress that if we were denied the use of these bases in Turkey, we could no longer be able to adequately verify the SALT II agreement, would you?

Mr. CHRISTOPHER. No, I would not say that any single base or any single element prevented our finding an adequate basis for verification.

DENKTASH PROPOSAL

Mr. SOLARZ. On the question of the Cyprus negotiations I was under the impression that about a year or so ago Mr. Denktash offered under certain circumstances to permit Greek Cypriot refugees to return to Famagusta and to have Famagusta under Greek Cypriot jurisdiction pending a resumption of the intercommunal negotiations. I wonder if you would clarify for us what the Denktash proposal was and give us some indication as to why nothing seems to have happened with respect to that proposal?

Was it unacceptable to the Greek Cypriots and if so why? Or, did Mr. Denktash withdraw the proposal?

What happened?

Mr. CHRISTOPHER. Mr. Solarz, my best recollection of that situation is late last summer, Mr. Denktash offered that at the outset of the intercommunal talks, there could be a return to Famagusta of the Greek Cypriots. He also offered at that time to have talks about the administrative arrangements which would take place even before the intercommunal talks began. So you had a sequence, contemplated by Mr. Denktash, of administrative discussions as to the return of refugees to Famagusta; and the return of those refugees or some portion of them at the very outset of the resumption of intercommunal talks.

My understanding is that the indication of willingness to commence those talks was not responded to. As I said, I don't want to involve myself in an assessment here because I think it would not be productive to the talks that are going to take place this weekend. But the offer

that was presented in that paper, which I know you have seen, is, I am told, as recently as within the last month, still on the table.

Mr. SOLARZ. Under the Denktash proposal, who was supposed to be responsible for the jurisdiction of Famagusta once the refugees returned?

Mr. CHRISTOPHER. It was to be done under U.N. auspices.

PROPOSALS FOR GREEK REINTEGRATION INTO NATO

Mr. SOLARZ. Thank you.

On the question of Greek reentry into NATO, you have indicated that an effort is being made to see if there is a mutually acceptable basis for that reintegration. Have we or has General Haig put forward a proposal as a basis for that reintegration?

Mr. CHRISTOPHER. There have been various proposals. As most negotiations go, there are proposals going back and forth.

Mr. SOLARZ. Have the Greeks put forward a proposal?

Mr. CHRISTOPHER. Mr. Solarz, my best understanding of that is that the proposals have been made by the NATO staff of General Haig under the direction of the Secretary General of NATO.

RESPONSE TO NATO PROPOSALS

Mr. SOLARZ. So, then, NATO has put forward a proposal. Has the proposal been accepted by Greece, or have they indicated there are parts of the proposal with which they are not happy?

Also, what has been the response of Turkey? Has it said it can accept part of it, but not all of it, or has it said it can accept all of it or none of it?

Mr. CHRISTOPHER. My best information is that there are various proposals on the table, and they have not found a mutually agreeable set of proposals that would be satisfactory to both countries and to the rest of NATO.

Mr. SOLARZ. Then, is it the case, with respect to these NATO proposals, which I gather are the basis for the discussions, that the Greeks have said that part of these proposals are unacceptable to them and the Turks have said part of these proposals are unacceptable to them? Would that be fair? Or, have the Greeks said, "We are fine. We can accept this," but the Turks have said, "Part of it is unacceptable"? Or is it the other way around?

Mr. CHRISTOPHER. My best understanding of it is that General Haig has talked with both parties and has not yet found a basis satisfactory to both of them.

Mr. SOLARZ. So, in other words, both sides have some objections?

Mr. CHRISTOPHER. That is my best understanding of it, yes.

Mr. SOLARZ. So it would not be fair to say that the Greeks are perfectly prepared to proceed on the basis of the NATO proposals but that Turkey is not, or that Turkey is prepared to proceed, but Greece is not. The problem is that both sides have objections to the proposal.

Mr. CHRISTOPHER. I think there are some proposals that may be acceptable to one side and some proposals acceptable to the other side, but no mutually acceptable proposals.

NECESSITY OF GRANT MILITARY ASSISTANCE

Mr. SOLARZ. I have one final question.

You indicated in your testimony that our willingness to provide military assistance in the form of a grant was essential to continued progress and security cooperation with Turkey. The word "essential" is pretty strong. I would like to know why our willingness to provide military assistance with concessionary FMS credits would constitute an obstacle to continued progress and security cooperation. Why must it be given as a grant rather than on a concessionary basis in terms of your use of the word "essential"?

Mr. CHRISTOPHER. I think the Turkish military and political leaders place a high symbolic and practical importance on the grant assistance.

The fact that there was grant assistance in the old DCA on a 4-year basis, the fact that there is none proposed for this year, the fact that last year Greece received grant assistance when Turkey received none, the fact that the pipeline which the Turkish military leaders were counting on has not proved as satisfactory as they had hoped, and the economic conditions in Turkey which make FMS financing very difficult for them to use, all add up, to me, to making it highly important and vital that there be a grant element to this program, even though it is a relatively modest grant element and will certainly not solve the problems of the Turkish military all in one fell swoop.

Mr. SOLARZ. Thank you very much.

TURKISH RESPONSE TO SENATE ACTION

Mr. HAMILTON. Mr. Christopher, what, if any, is the Turkish reaction to the Senate action of switching grant aid to FMS?

Mr. CHRISTOPHER. I think the Turkish Government and the Turkish people to whom I have talked are grateful for the consideration that the United States has given them in their very difficult problems. I would be less than candid, though, if I did not say there was disappointment on the part of many in Turkey over the failure to include a grant element.

Mr. HAMILTON. Is it a strong disappointment? Did they express that vigorously to you?

Mr. CHRISTOPHER. Yes; they expressed it vigorously. They are a proud people and they realize that the United States is being helpful to them at a difficult time, but there is strong disappointment among the Turkish military leadership in particular to the absence of any grant element in the program.

Mr. HAMILTON. What would be the implications if this committee reported unfavorably or did not take a grant program to the floor of the House?

Mr. CHRISTOPHER. I think it would have an adverse effect upon our ability to obtain their maximum cooperation. I am not here to say that the Turkish Government, the Turkish military, or the Turkish people would turn their backs on their responsibilities. But I do feel that it would affect their ability to cooperate with us, and thus their maximum cooperation.

DEVALUATION OF TURKISH LIRA

Mr. HAMILTON. I want to get some idea of where we stand on the IMF-Turkish negotiation.

As I understand it, one of the measures the IMF has recommended is a devaluation of the Turkish lira by 30 percent, and the Turks have devalued by 5.7 percent.

Is that a correct understanding?

Mr. CHRISTOPHER. I wonder if I could ask Mr. Hormats to respond to that, Mr. Chairman.

STATEMENT OF ROBERT HORMATS, DEPUTY ASSISTANT SECRETARY OF STATE FOR ECONOMIC AND BUSINESS AFFAIRS

Mr. HORMATS. The discussions between the Turks and the IMF have been things that we have followed very closely. We have attempted for a number of reasons not to get involved in the details of those negotiations. They are essentially between the two parties. We have encouraged both sides to reach agreement, but we are not asking and we have not asked for the specific details of the agreement.

Regarding Turkish devaluation, last year there was a 9-percent devaluation; subsequently a 23-percent devaluation.

Mr. HAMILTON. What is the IMF now asking in terms of devaluation?

Mr. HORMATS. We have not specifically asked the IMF or the Turks precisely what terms the IMF is asking of Turkey.

Mr. HAMILTON. So we don't know that?

Mr. HORMATS. No, sir. We do not know the details. I can give you a general idea of the types of policies the IMF is interested in having the Turks pursue, but I cannot give you the details or the precise numbers.

Mr. HAMILTON. They are asking for devaluation; are they not?

Mr. HORMATS. That is correct.

Mr. HAMILTON. You do not know what they are asking for?

Mr. HORMATS. No, sir. I do not know the details.

I can give you a general idea, but it would be misleading for me to give you a number since I do not know. There are negotiations taking place right at this moment and there is no real point in speculating.

Mr. HAMILTON. Then just give me a general idea.

Mr. HORMATS. Generally, the rate of inflation the Turks have had has been something on the order of 50 percent to 70 percent. It is very hard to measure or determine. What the IMF would like is a devaluation which enables the Turkish lira to regain its competitiveness.

Mr. HAMILTON. About how much will that be?

Mr. HORMATS. That is an economic judgment that I can't—

Mr. HAMILTON. Just give me the ranges.

Mr. HORMATS. If you were to ask me as an economist, without speculating on what the IMF should do, I would say, by strict economic logic, somewhere on the order of 40 percent to 50 percent. That is just a personal judgment. The IMF may ask for a little more.

I should say that it also depends on other things. For instance, you need less of a devaluation if you are going to take tougher actions

to hold down the rate of money creation and if you will tighten up your budget. If you are going to be a little looser on the budget and money creation, you would probably need a greater devaluation.

TIGHTER CONTROLS

Mr. HAMILTON. What are the main things the IMF is asking? Devaluation is one. What about wage freeze in the public sector?

Mr. HORMATS. The major problems that the IMF is trying to get at are the following. The first is the point you have raised. This is that the Turkish lira is uncompetitive because of rates of domestic inflation. Another problem is the very, very high rate of money creation in Turkey. Credit creation has been rampant in the last couple of years. Therefore, the IMF would very much like to have tighter controls on the money supply. This is related to very large budget deficits.

Now I cannot characterize precisely what the IMF is going to propose, but these are the central problems the Turks face and these are certainly the sorts of things which, putting myself in the shoes of the IMF without commenting on the details, I think the IMF would reasonably ask for.

IMF NEGOTIATIONS

Mr. HAMILTON. If there is such a close connection between our aid and the IMF negotiations, why aren't we keeping better track of those IMF negotiations?

Mr. HORMATS. We are trying our best to keep track of them. The only difficulty is while two parties are engaged in a detailed negotiation, it is very hard to know exactly where that stands from day to day. Second, essentially these are negotiations which are within the realm of the two parties involved.

REFUSAL OF CREDITS BY PRIVATE BANKS

Mr. HAMILTON. Is it correct that some private banks have refused to lend to Turkey any more money or to reschedule some \$2 to \$3 billion in debt until the IMF agreement is worked out?

Mr. HORMATS. Yes. They are working on two things. One is a rescheduling of roughly \$2.8 to \$3 billion, and another is the possibility of \$400 million in new money.

DEVALUATION OF LIRA

Let me correct an earlier statement I made regarding devaluation, if I may.

The present rate, what one might call the parallel rate, for the lira is something on the order of 50 to 55 lira to the dollar. The current rate, the actual rate, the legal rate, is something on the order of 26 lira to the dollar.

When I spoke of the amount of devaluation, I think what you probably need in order to deal with this problem is a devaluation which takes you closer to what is the parallel market rate, which would be a devaluation of from 26 lira to the dollar to something on the order of about 50 lira to the dollar. I misspoke earlier. In effect, this translates

into roughly a 100-percent devaluation. From 26 to about 50 is something less than a 100-percent devaluation.

Mr. HAMILTON. Where are we, then? What kind of a percentage devaluation do you need, then?

Mr. HORMATS. Whatever the amount is that brings you from 26 lira to the dollar to about 50 lira to the dollar. It is something less than 100 percent.

Mr. HAMILTON. So, you need a devaluation of somewhat less than 100 percent, is that right?

Mr. HORMATS. That's right.

The criteria I use is if you assume that the parallel market reflects actual supply and demand for lira, which one normally assumes in these cases, then you have to assume that the present rate is out of line. This does not mean that the IMF is precisely asking for that. But that is a rough measure.

IMPORTANCE OF PRIVATE CAPITAL

Mr. HAMILTON. Now the private capital is just as important to Turkey as the official bilateral and multilateral aid, is it not?

Mr. HORMATS. It is, yes.

Mr. HAMILTON. And the multilateral and bilateral aid is not going to be very effective unless they get the private capital, would that be correct?

Mr. HORMATS. That's right. In order to deal effectively with the magnitude of the problem, you need both official and private aid.

TURKISH AGREEMENT WITH IMF

Mr. HAMILTON. So, then, will our aid be tied with what happens with regard to the private capital?

Mr. HORMATS. I think that both of them are contingent on the Turks reaching agreement with the IMF. In other words, that is the trigger point for both.

Mr. HAMILTON. The IMF agreement is the trigger.

Mr. HORMATS. Yes.

Mr. HAMILTON. When do you expect an agreement to be reached or rejected?

Mr. HORMATS. I wish I could give you an accurate answer to that.

At the present moment there are senior IMF officials in Ankara negotiating with the Turks. My hope is that they will be able to reach agreement. As of this point, I am not able to tell you precisely where they are in their negotiations.

Mr. HAMILTON. Do we have assurances that the money you are seeking in the economic support fund will not be made available until an IMF agreement is reached?

Mr. HORMATS. Yes.

INDEPENDENCE OF IMF

Mr. CHRISTOPHER. Mr. Chairman, I wonder if I might emphasize the importance we attach to the independence of the IMF. We depend upon their economic evaluation throughout the world to guide us and to guide the countries involved. So our lack of close involvement with

the negotiations between the IMF and Turkey is not a matter of disinterest.

It is sometimes essential in order to preserve their independence that we not be either looking over their shoulder or trying to be coercive in any way.

Mr. HAMILTON. Mr. Secretary, the problem is, of course, that we have to hit a balance between economic reforms on the one hand and avoiding political instability on the other. Is that not correct?

Mr. CHRISTOPHER. That is certainly correct. Those factors are taken into account by the IMF. They are not unmindful of the strains which their recommendations place upon the economies of the countries that the involved. That is why there have been discussions not just at the working level, but between the head of the IMF and the Finance Minister of Turkey.

Mr. HAMILTON. Do you feel that Mr. Ecevit has the will to make the steps necessary in terms of economic reforms to begin the country on the road to economic recovery?

Mr. CHRISTOPHER. I feel confident that he has the personal will. I hope he has the political capacity to take the additional very difficult steps that will be required. He has already taken a number of steps, such as increasing the price of gasoline, increasing the prices of industries, and a number of other difficult steps.

Mr. HAMILTON. I think we would like to have for the record a listing of the steps he has taken in the past year or so.

Mr. CHRISTOPHER. We will supply that for the record.

[The information referred to follows:]

ACTIONS THE TURKISH GOVERNMENT HAS TAKEN TO DEAL WITH ITS OWN ECONOMIC PROBLEMS

In March 1978, the Turks reached a standby agreement with the IMF, based on a Turkish stabilization program which included a 23 percent devaluation (March 1, 1978); budget austerity; credit controls, particularly on public sector borrowing; price increases on public sector goods; and other supporting fiscal and monetary policies. Inflationary momentum, exceptional wage increases and shortages of imported inputs to the production process tended to undermine the program. In September 1978, to reduce the deficit of the State Economic Enterprises, the financing of which is a major cause of inflation, further price increases were enacted, particularly on petroleum products (25 to 84 percent) and sugar (45 percent). Both agricultural support prices and public sector wages were raised in 1978 less than the inflation rate, thus in real terms being reduced.

Neither the "social contract" with labor unions of Spring 1978 nor a comprehensive tax reform bill of 1978 secured the desired results, but elements of the tax reform package did pass Parliament, and neither effort has been abandoned.

Several export promotion measures have been implemented, such as tax rebates and the authorization for exporters to use 25 percent (later changed to 100 percent) of their hard currency export receipts for imports of needed inputs. Several other measures, including special premiums on the exchange rate and special import rules, were implemented to stimulate remittances by Turkish workers in Europe. A substantial revision in interest rates, particularly on savings deposits, and reserve requirements was implemented in May, 1979.

As a result of policy measures and the external credit squeeze, the current account deficit was reduced from \$3.4 billion in 1977 to \$1.7 billion in 1978.

In March, 1979, an additional round of price increases on State Economic Enterprise (and consumer) products was announced. (Sporadic price increases had occurred earlier). Prices of petroleum products (67-100 percent), sugar (34 percent) iron and steel (45 percent), coal and lignite (20-33 percent), cement (40 percent), bus fares (15-25 percent), cooking oils (28-70 percent), consumer durables (up to 33 percent), and automobiles (20 percent) were all raised. Electricity prices are also due to be increased.

In April 1977, the government announced a multiple exchange rate, with a special premium for foreign tourists in Turkey and Turkish worker remittances. (Turkish tourists abroad are subject to a number of hard currency restrictions which reduce their travel and thus currency outflows). This special rate is 37.1 lira to the dollar, compared to the official rate of 26.5. A temporary premium raised this rate to 47 and currently 42 to the dollar.

Throughout the course of the foreign exchange crisis, the Turkish government has been negotiating with commercial banks a refinancing of outstanding debts and a new credit. This lengthy process, involving over 200 banks, is near completion.

Turkey has also sought to expand its exports to the countries which supply it petroleum, notably Iraq and Libya. Special arrangements involving exports and assistance have helped keep oil flowing, although not enough to preclude the necessity for spot-market purchases at high prices. Turkey has successfully traded a small amount of wheat for oil with the U.S.S.R., but only after agreeing to hard currency purchases of oil. A program for increasing domestic oil production was announced in April, 1979.

The government's program for 1979 has only been partially announced, largely goals for production, particularly by the State Economic Enterprises, which will be subject to more rigorous standards of efficiency; and foreign exchange saving measures. Other policy measures are under consideration in the context of the negotiations with the IMF.

CONTINENTAL GRAIN CO. CRFDITS

Mr. HAMILTON. Mr. Findley.

Mr. FINDLEY. I have just one question, Mr. Chairman.

In regard to the problem Turkey faces in attracting foreign capital, getting down to a specific case, I understand that Continental Grain Co. has been trying to collect a bill from the Government of Turkey for about 4 years. Is the State Department trying to help Continental get that settled, or not?

Mr. CHRISTOPHER. Continental Grain's claims against the Turkish Government were initially adjudicated by their British courts. That matter is now on appeal to the House of Lords, and the appeal has not yet been acted on. So, in effect, Congressman Findley, the matter is still pending on appeal.

Mr. FINDLEY. I thought the appeal had been denied.

Mr. CHRISTOPHER. My understanding is that the petition has not been ruled on in the House of Lords. I would be glad to be corrected on that if I am wrong.

Mr. FINDLEY. Is it a matter of importance to our Government? Do you view it that way?

Mr. CHRISTOPHER. Yes. It certainly will be a matter of importance if there is a fully adjudicated claim and there is no response to it.

Mr. FINDLEY. Then we would consider it important to try to get the thing settled?

Mr. CHRISTOPHER. Yes. We would make a representation to the Government on this. It is important to maintain the confidence, so far as we can, of our commercial enterprises over the long term. That is really the only hope for Turkey to get back into a position where it can sell to the rest of the world and have normal business arrangements.

Mr. FINDLEY. Thank you.

Mr. HAMILTON. I might say that it is the Chair's intention to ask members if they have any further questions in open session before we go to closed session. I know Mr. Rosenthal does. Immediately after our open session, we will go into closed session.

Mrs. Fenwick.

Mrs. FENWICK. I could withhold my questions until the executive session, Mr. Chairman.

Mr. HAMILTON. Very well.

Mr. Rosenthal.

TURKISH TROOPS ON CYPRUS

Mr. ROSENTHAL. Mr. Secretary, I don't recall how many troops you said Turkey still has on the island of Cyprus. What was that number?

Mr. CHRISTOPHER. Mr. Rosenthal, I meant to say that from a high of approximately 38,000, the troops have been drawn down in my judgment well below 25,000. I have had recent unconfirmed reports that they are below 20,000. I don't stand by any precise figure, but I think there has been a continuing substantial drawdown to a place where I believe—and we are checking on this further—that there are probably only about half as many troops there now as there were at the high point.

Mr. ROSENTHAL. Mr. Secretary, I received today a letter from the Central Intelligence Agency and from the Department of Defense, a secret letter, that suggested an entirely different number of troops presently on the island. I hesitate to say the number because I don't want to violate the relationship. But it is an extraordinarily different figure than that to which you have just testified.

Mr. CHRISTOPHER. I would look forward to discussing that with you. I have reason to think that the numbers I have been using will be determined by further checking to be generally accurate.

Mr. ROSENTHAL. Let me just say again for the record that I think it is unfair for you to say that in public and for me to not be able to suggest to the contrary. I will show you both those letters in private. They are from the Central Intelligence Agency and from the Department of Defense.

In fact, Jeff,¹ go back to the office and get those letters, will you. I will show them to you. The figures are significantly different than what you said.

Mr. CHRISTOPHER. I will make that perhaps somewhat easier for you by saying that the figures we have been using, until recently, have been in the range of between 25,000 and 30,000. I have reason to believe that that number is now substantially less because of recent drawdowns.

Mr. ROSENTHAL. What is your reason to believe that?

Mr. CHRISTOPHER. There are unconfirmed reports that I have had, which I hope can be confirmed in the near future.

Mr. ROSENTHAL. Well, I find it very unfortunate that you bandy these numbers around in public and both the Central Intelligence Agency and the Department of Defense disagree with you under classification. I will show you the letter as soon as we go into executive session which suggests that the numbers you have given us are way, way off.

Mr. CHRISTOPHER. When I am asked a question in a hearing, I feel an obligation to give my best judgment in response.

U-2 SITUATION

Mr. ROSENTHAL. So then, how do you feel about the U-2 situation?
[Pause.]

¹ Jeff Kaplan, legislative assistant in the office of Representative Rosenthal.

LEGISLATIVE APPROACH OF REQUEST

Mr. ROSENTHAL. Let me just say this regarding the legislative approach of the \$150 million request. I have served on this committee under President Kennedy, President Johnson, President Nixon, and President Ford, and at no time during that period did the Executive ever send up an aid request on a matter of this controversy or significance intentionally seeking to avoid the jurisdiction of the House Foreign Affairs Committee, which is precisely what has happened in this case.

Mr. CHRISTOPHER. Congressman Rosenthal, I want to assure you that I would not be here if we were intentionally seeking to avoid this committee.

Mr. ROSENTHAL. Will you send up the legislation so that this committee has a chance to vote on it and not depend on what the Senate does or what we have to do in conference? Will you send that up?

Mr. CHRISTOPHER. At an appropriate time to send it up, I will send it up. I thought it was too late in your processes to send the legislation up.

Mr. ROSENTHAL. Otherwise, let me tell you that you are going to jeopardize the entire aid conference report, and you are doing significant damage to the dignity of this committee.

In 16 years on this committee, I have never seen this procedure on any kind of matter, no less a matter of consequence or a matter of controversy.

IMPORTANCE OF UNITED STATES-GREEK RELATIONS

Mr. CHRISTOPHER. I wonder, Mr. Rosenthal, if I could take the advantage of your comments to say that in a hearing where one is called on to defend an aid request for Turkey, there may be perceived to be a failure to take into account the important contributions that Greece makes not only to NATO, but to our bilateral cooperation. We place great stock by the friendship of Greece. We intend to continue that relationship.

Mr. ROSENTHAL. I don't know what that has to do with this committee's jurisdiction? I don't know what you are talking about.

Mr. CHRISTOPHER. I think there is always a danger in this kind of situation to seem to ignore an important other relationship.

Mr. ROSENTHAL. Oh—you mean if we defeat the whole conference report. Why there are other, more important, countries that would suffer if we did that.

Mr. CHRISTOPHER. No. I just want to emphasize the importance that I attach and that we attach, for instance, to Greek reintegration into NATO.

NECESSITY OF HOUSE ACTION ON PACKAGE

Mr. ROSENTHAL. I am just telling you this. I have served for 16 years under President Kennedy, President Johnson, President Nixon, and President Ford and this has never happened before. You really ought to tell us why, or how, or whether you are going to send it up this week, or even next week. Just send a letter to the Speaker. This committee is entitled to a chance to vote on this package, regardless of what the other body does.

Mr. CHRISTOPHER. Mr. Rosenthal, I am not sure this will satisfy you, but let me say again that we have before this committee the request for the \$100 million in economic supplemental aid. The MAP request was an amendment to a bill which already had passed the House. That is why it seemed appropriate to make that request of the Senate committee, where it had not been acted on.

Mr. ROSENTHAL. I know. But this committee will not have a chance to vote on that \$50 million, then.

Mr. CHRISTOPHER. I have just been handed a letter dated April 26, in which we notified the Speaker of the MAP request.

Mr. ROSENTHAL. But this committee will never have a chance to vote on it.

Mr. CHRISTOPHER. I don't have any more of an answer than to say that in the timing situation in which we found ourselves, we conscientiously did what we thought was the right way to get this matter before the Congress.

Mr. ROSENTHAL. No President has ever found himself before in that timing situation, not the Tonkin Gulf, nothing.

Frankly, it is incredible that you want to prevent this committee from voting on this matter.

Mr. CHRISTOPHER. I don't want to prevent this committee from——

Mr. ROSENTHAL. In other words, the House is going to be offered the chance to take or leave the conference report.

Mr. CHRISTOPHER. I am sure there are ways, of which you probably know better than I, to get this matter before the committee if you wish to do so.

Mr. ROSENTHAL. I just cannot understand it. This is an administration that wants to be forthright, open, and friendly with the Congress and it engages in this kind of tactic on a highly controversial matter. This is not just a committee amendment or a matter of no consequence. This is a matter of significant consequence not only to the principals involved, but to the members of the American community.

Mr. CHRISTOPHER. Mr. Rosenthal, I think I know your position on it. We will certainly take any action that we can to correct the——

Mr. ROSENTHAL. My position is to maintain the dignity of the House of Representatives. That is my No. 1 position.

My second position is to maintain the dignity of the House Foreign Affairs Committee.

Mr. CHRISTOPHER. I would want to cooperate in both of those endeavors.

Mr. ROSENTHAL. Well, there is only one way you can cooperate.

Mr. CHRISTOPHER. You tell me what should be done and I will certainly take it under consideration.

Mr. ROSENTHAL. Make sure that legislation is sent up so that this committee can vote on the \$50 million.

Mr. CHRISTOPHER. I will certainly give every consideration to that. If it is legislation, it seems to me that any member can insure that the matter is brought before this committee.

Mr. ROSENTHAL. But I am not so sure the chairman will call that legislation up for a vote.

I don't want to belabor the issue. My friend on my right has been raising his hand.

POWER OF COMMITTEE TO TAKE UP LEGISLATION

Mr. HAMILTON. Mr. Solarz.

Mr. SOLARZ. Thank you, Mr. Chairman.

I will be very brief.

Mr. Secretary, you just pointed out that any member of the committee could introduce this legislation if he or she wanted to.

Do you know of any reason why the committee cannot take up the legislation on its own initiative, if it so chooses?

Mr. CHRISTOPHER. Not at all.

Mr. SOLARZ. If the chairman decides not to bring it up on his own initiative, are you aware, Mr. Secretary, that under the rules of the House if a sufficient number of members of the committee sign a petition asking the chairman to bring it up, he is obligated to do so?

Mr. CHRISTOPHER. I am glad to be so informed. No; I was not aware of that.

Mr. SOLARZ. Isn't it true that the committee on many occasions has taken up legislation which was not submitted to it by the administration?

Mr. CHRISTOPHER. I am sure it is, sir.

Mr. SOLARZ. Do you have any objection to the committee taking it up if it so chooses?

Mr. CHRISTOPHER. None at all.

Mr. SOLARZ. So then, so far as I can tell, you are not in any way preventing the committee from acting on this measure on its own initiative, if it so chooses, are you?

Mr. CHRISTOPHER. That says much better what I have been trying to say all day. I would not be here if I had any reason to wish to withhold the matter from the committee.

Mr. SOLARZ. Let me just say this and then I will yield back my time because I know the chairman wants to go into executive session.

I shared my friend's concern over the institutional prerogatives of the committee and I would be equally upset if, in fact, the administration were somehow preventing us from acting on this measure. I really fail to see how the mere fact that you have not sent up a bill in any way deprives us from taking whatever action we see fit. If the gentleman or anybody else wants to urge the committee to take it up, he is free to do so. Then we make go our own judgment and determination.

Thank you. I yield back the balance of my time.

Mr. HAMILTON. Are there any other questions in public session?

Mr. ROSENTHAL. Let me just say one thing, Mr. Chairman.

Mr. HAMILTON. Mr. Rosenthal.

Mr. ROSENTHAL. Thank you.

One of the reasons that the gas rationing plan went down so badly is that they dealt unilaterally with the Senate on amendments and the same thing is going to happen here.

Mr. HAMILTON. Is there any further comment or question to Mr. Christopher in open session?

[No response.]

Mr. HAMILTON. The Chair wants to call the attention of members to the fact that we do have another witness this afternoon. I am in a bit of a dilemma as to how to proceed.

We want to hear Mr. Christopher in closed session and we want to be fair to our other witness.

Mr. ROSENTHAL. Mr. Chairman, if you would yield, my view is that we ought to hear Mr. Rossides, who is a public witness. He has been waiting here all afternoon. I think we ought to ask Mr. Christopher to stand aside until we conclude that testimony. Then we can reconvene in executive session. I also want to get the CIA-DOD information here before Mr. Christopher leaves the committee.

Mr. HAMILTON. Mrs. Fenwick.

Mrs. FENWICK. I have no comment. I do not know what the procedures are for this committee at such a time as this.

Mr. HAMILTON. I think it is up to the committee to choose.

Mr. Christopher, what is your time situation?

Mr. CHRISTOPHER. I should be back at the Department at 5:30, Mr. Chairman, but I would be very willing to cooperate with whatever the will of the committee is. I would be glad to come back tomorrow if that is your desire.

Mr. HAMILTON. I think what we will do is ask Mr. Rossides to testify now in public session. Mr. Christopher, we will come back to you at 5 o'clock.

Mr. ROSENTHAL. Mr. Secretary, in the meantime would you please verify your figures so that we do not have a dispute on the public record? Otherwise, I will release that secret information.

Mrs. FENWICK. How can you release secret information?

Mr. ROSENTHAL. Why anybody—we do it all the time. Mike Harrington did it.

Mrs. FENWICK. That was really improper.

Mr. ROSENTHAL. Well, we cannot let this issue be publicly disposed of in this way.

Mrs. FENWICK. Well, neither can we publicly say we are going to disclose leaks.

Mr. HAMILTON. The Chair will ask Mr. Rossides to come forward please as the next witness.

Mr. Rossides, you may proceed. I believe you understand the time constraints in which we find ourselves.

I understand that you have a statement and that will certainly be entered into the record in full. Please proceed as you choose, reading the statement or summarizing it.

STATEMENT OF EUGENE T. ROSSIDES, SPECIAL COUNSEL, AMERICAN HELLENIC INSTITUTE PUBLIC AFFAIRS COMMITTEE, INC.

Mr. ROSSIDES. Thank you, Mr. Chairman.

OPPOSITION TO PROPOSAL

I appreciate being here and the opportunity to appear before the committee in opposition to the Carter administration proposal of \$150 in supplemental aid to Turkey—the \$100 million in economic assistance and the \$50 million military grant.

I will summarize my statement in view of the time element, Mr. Chairman, and the fact that during the discussion and questioning of

Mr. Christopher a number of my points were brought out, particularly the attempted procedure of bypassing the committee and the House.

I understand, also, Mr. Chairman, that it is rumored, or so we heard, that there will be no bill reported on the \$100 million economic assistance to the House. I hope that I am wrong on that and I hope the full House will have an opportunity to vote on the \$100 million economic assistance.

IMPACT OF PROPOSAL ON U.S. INFLATION

Mr. Chairman, we oppose the \$150 million as contrary to the International Security Assistance Act of 1978, as harmful to U.S. policy interests generally, and because of its adverse impact on U.S. inflation.

The proposed assistance to Turkey, if passed, will, in effect, be used (1) to offset part of the cost to Turkey of Turkey's occupation of Cyprus; and (2) to finance the costs of Turkey's 80,000-man army of the Aegean which is aimed at Greece and which is not under NATO control.

Mr. Chairman, the total figures, when you add the \$150 million to the \$300 million previously passed by this committee in the House, comes to \$450 million. If you add in the \$50 million Eximbank proposed loan, that comes to \$500 million, plus access to the Defense Department surplus supplies—that is quite a total. You are talking about a total amount of aid of over half a billion dollars, an unconscionable amount under any circumstances, and doubly so when one considers that we are in the midst of an extremely serious inflation and are confronting another enormous budget deficit.

IMPACT ON TURKEY'S POSITION

Mr. Chairman, the administration's proposal can only harden further Turkey's position of intransigence regarding a Cyprus settlement and Turkey's position in vetoing Greece's reentry into the military command structure of NATO, and it can only stimulate more Turkish threats regarding Greece's Aegean islands.

Regarding the reentry issue, on which Mr. Solarz asked questions, it is my understanding that General Haig, at the discussions on the Greek application to reenter the military command structure of NATO, and at the discussions between General Haig and General Davos, made a proposal to the NATO military committee and it was accepted by every other member of the alliance except Turkey. So it is not a question that there were certain parts which Greece didn't like and certain parts which Turkey didn't like. I would hope you would check on that.

Mr. SOLARZ. I will.

U.S. PRIORITIES

Mr. ROSSIDES. Mr. Chairman, I was very intrigued by Mr. Findley's remarks regarding his previous speeches and the point of no progress. The important point he made was that you are not going to settle anything in the Eastern Mediterranean until you settle the Cyprus question as the foundation.

Mr. Chairman, this ties in with your question to the Secretary as to priority of interest. He is putting intelligence bases first and the other

interests second and third. Of course, our first concern is security of the United States. But to get to that security, you cannot deal with intelligence bases first. I think Mr. Findley is absolutely accurate that you have to settle the Cyprus question first, and then the others may fall into place. I am not so sure, Mr. Chairman, that if they got the \$2 billion the administration estimates is needed to bail them out, it will make any difference in the relationship between Turkey and the United States.

VIOLATION OF U.S. LAWS

Mr. Chairman, the reasons that this committee should oppose outright the administration's \$100 million supplemental economic aid and \$50 million military requests are clear, compelling, and numerous.

First is the rule of law. They are still in violation of U.S. laws now.

Second, it is astonishing to me to listen to Mr. Christopher and his very kind manner, as Mrs. Fenwick pointed out, talk about figures of below 20,000, and the 38,000 troops being several years ago. As of last summer, when this committee expected action, there were allegedly 27,000 to 30,000 troops, and the most that have been withdrawn are 1,500, according to newspaper accounts. There is no question of our ability to verify those figures.

Mr. Chairman, I would hope that in any future conditions we include the removal of the 35,000 colonists that are in Cyprus. This happens as a revolving door. The military goes out and more colonists come in.

REINTEGRATION OF GREECE INTO NATO

It is contrary to the congressional directives of last year's bill regarding progress with emphasis on removal of troops and return of refugees to their homes. There has been no progress.

Third, I refer to the fact of Turkey blocking the reintegration of Greece into NATO, and I have attached to my testimony the "New York Times" article of May 3. Mr. Derwinski commented upon it on the House floor on March 29, the details of the 2- to 3-year attempt to get Greece back into NATO.

Fourth, Mr. Ecevit has stated he sees no threat from the Soviet Union.

Fifth, this is very serious. If Karamanlis ever decides to become President next year, or to retire from active politics, his successor may or may not be able to continue the policy of reintegrating Greece into NATO. Clearly the opposition party has come out as being formally opposed to this and has been making great headway with their arguments.

This kind of aid will have a serious impact on the Karamanlis government and will strengthen the opposition party, which, as I mentioned, has been calling for Greece's full withdrawal from NATO and which is opposed to Greece's entry into the EEC.

COST OF OCCUPATION OF CYPRUS TO TURKEY

Sixth, the Turkish occupation of Northern Cyprus is at a substantial cost to the Turkish economy. In the Senate committee, the administra-

tion admitted to figures of \$45 million for the Turkish administration. They admitted to about \$10 million on incremental costs for the 27,000 troops. No specific figure was given for the 35,000 colonists. Our best estimate, Mr. Chairman, is at a minimum, a conservative estimate, is \$100 million a year, and it is probably between \$100 and \$300 million.

There is an important additional cost: The diversion of Turkey's attention from its pressing domestic problems.

TURKEY'S OVERSIZED ARMY

Has it ever occurred to the administration that a deemphasis on appropriations accorded the Turkish military would go a long way toward reducing some of Turkey's economic problems? One of Turkey's key problems is the economic burden of its oversized army.

Mr. Chairman, it is well known that they use their military army and conscription as a social mechanism as well as a military one. They have much too large an army, 80,000 troops are sitting there, aimed at Greece, and have nothing to do with NATO.

Seventh, the aid that we give them in effect is a subsidy of that occupation and its army of the Aegean.

IMPACT ON U.S. INFLATION

Eighth, I think the impact on U.S. inflation and the budget deficit is clear. "The Economist" put it as follows: "The United States cannot easily buy a foreign policy for much longer by lending or giving large sums on top of America's huge payments deficit. When America tries to do so, it further weakens the dollar and this now puts real gross world product down and not up."

BURDEN ON U.S. TAXPAYER

Ninth, I submit in my next point, Mr. Chairman, that it is a waste of the U.S. taxpayers' dollar. I think this is important. They can meet all of the conditions of the IMF that they want to, but until they solve the other problem which has led to the economic chaos and political instability in which they find themselves—namely, the militarism and the occupation of northern Cyprus and their military threats regarding the Aegean—you can solve one, the IMF conditions, but I still submit to you that it will be a waste of money until they do the other.

BURDEN ON TURKISH ECONOMY

In other words, they must satisfy not just IMF economic conditions. The IMF should take into account the economic costs to Turkey of its occupation of Cyprus. Consider this not as a political matter, but as an economic matter.

I recently heard a phrase I had not heard before. Mr. Callaghan, who was negotiating on behalf of the British Government in August 1974, when Turkey broke negotiations and had the second breakout on August 14, went on television and said that Turkey has now become the slave of Cyprus. One of the most important factors in the Turkish economic downfall is its invasion, aggression, and occupation of Cyprus.

Tenth, we can use the money better at home with our many urban, suburban and farm needs.

Eleventh, Mr. Chairman, we have a great problem in foreign aid in how do we test our next year's effort. When a country does well, we cut off aid; when a country does poorly, we tend to give it more. That has not worked in the past, so we should not reward incompetence and corruption in the use of of our foreign assistance.

TURKISH TERRORIST ATTACKS

Twelfth, Mr. Chairman, my 12th point concerns the murder of two American soldiers and the wounding of three others in two separate Turkish terrorist attacks this past month. Increasing aid to Turkey, instead of decreasing it, in the face of the killing and wounding of American servicemen in Turkey, is giving the most horrendous type of signal imaginable to Turkey and Turkish terrorists.

Thirteenth, I think, Mr. Chairman, that our constitutional partnership role of Congress in foreign affairs deals with the question of voting on these entire aspects.

GERMAN INTERESTS IN TURKEY

Fourteenth, Mr. Chairman, West Germany initiated the Guadeloupe bailout proposal for Turkey. Let West Germany pay for it from her budget surpluses. We have a budget deficit. Why should it be one for one?

There are a lot of German interests in Turkey, and they are trying to bail out many of those interests.

REASSESSMENT OF UNITED STATES-TURKISH RELATIONS

Mr. Chairman, I submit that instead of this committee holding hearings on supplemental economic assistance to Turkey and discussing a \$50 million military grant proposal of the administration, what this committee should do is make a full reassessment of United States-Turkish relations. That is what is needed, particularly in view of headlines in today's papers regarding the U-2's and consultation by Turkey of the Soviet Union regarding this.

Again, Mr. Christopher was very kind and gentle in his comments. The newspaper articles are very clear, however. This is not something new. I believe Mr. Pease made the comment that this was something new regarding Turkey and the Soviet Union.

TURKEY AS RELIABLE U.S. ALLY

I think the first question among those to be studied by this committee and answered is is Turkey a reliable ally of the West? I submit that if you lined up on one side of the ledger the actions of Turkey over the last 15 to 20 years which have aided the Soviet Union and on the other side of the ledger the actions which have helped the West, you will find that the actions helping the Soviet Union predominate.

Just go down the list, Mr. Chairman. Consider the blocking of Greek reentry into NATO. Consider Turkey allowing the U.S.S.R. military overflights and land convoys to Syria and Iraq in the Middle

East 1973 war, long before the Cyprus aggression while denying U.S. overflights. Consider the active assistance to the buildup of a Soviet Mediterranean fleet through the Dardanelles, to which NATO officially objected, but to no avail, and the same regarding actions in supplying military arms to the African nations. Consider that they refused transit rights to American marines.

Mr. Chairman, are we embarking on an economic Vietnam in Turkey? This is a question this committee must answer. It is not just this year. In the Senate Foreign Relations Committee they talked about the fact that next year they would be back for more money. Turkey has asked for \$15 billion over the next 5 years.

It makes very little sense to sit back and have the administration come up with proposals when we have evidence of rapprochement with the Soviet Union for 20 years.

Regarding my No. 1 question of Turkey being a reliable ally of the West, I nearly said instead, "Is Turkey a de facto ally of the Soviet Union?" They have been playing off the Soviet Union against us for 20 years. Now that may be best for Turkey, but what is best for the United States?

VALUE OF U.S. LISTENING POSTS IN TURKEY

Mr. Chairman, what is the real value of the U.S. listening posts in Turkey? I was very interested to hear Mr. Christopher admit that there is no such thing as one essential element or post for SALT verification. He used the word "helpful."

We have stated time and time again that they are not needed for SALT verification. Oh, sure, it is nice to have a backup, or a double or a quadruple check. But the evidence that we submitted on our previous testimony, the comments from Mr. Scoville to Mr. Aspin to others as to logic, showed that no single element was essential. That is why he also would not answer you regarding the U-2, although in executive session it may be different.

Also, if there is ever the suggestion that these sites are essential and vital to the verification of SALT, then clearly, every U.S. Senator should vote against SALT verification so that we do not make ourselves hostage, so to speak, to any third country, particularly a country such as Turkey.

This has been the past position of the United States. Former Secretary of Defense, Mel Laird, stated that he would never have signed SALT I if it needed verification by any third country.

Mr. Chairman, in summary the proposed \$100 million supplemental economic assistance for Turkey, as well as the \$50 million military grant, are not in the best interests of the United States. We urge and request this committee to initiate a full reassessment of United States-Turkish relations.

Our comments in our testimony of these past 4 years since the lifting of the partial embargo on October 2, 1975, to date regarding the effect of military and economic aid to Turkey have, unfortunately, been proven accurate by events. I predict that our comments in this testimony will also be proven accurate.

We will persist, Mr. Chairman, in the interests of U.S. foreign policy in support of the rule of law in international affairs; a just and equitable Cyprus settlement in accordance with the U.N. General Assembly Resolution 212; and a strengthened United States-Greek relationship based on mutual self-interest.

Thank you, Mr. Chairman.

[Mr. Rossides' prepared statement follows:]

PREPARED STATEMENT OF EUGENE T. ROSSIDES, SPECIAL COUNSEL, AMERICAN
HELLENIC INSTITUTE PUBLIC AFFAIRS COMMITTEE, INC.

Mr. Chairman and Members of the Committee,

I appreciate the opportunity to appear before the Committee in opposition to the Carter Administration's proposal of \$150 million in supplemental aid to Turkey (\$100 million in economic aid credits and \$50 million in military grant aid). The \$150 million is in addition to \$300 million previously requested for Turkey for FY 1980 (\$202 million military aid and \$98 million economic) and approved by this Committee and the full House without any conditions, contrary to the provisions of the International Security Assistance Act of 1978.

We flatly oppose and urge you to vote against any part of the \$150 million as contrary to the International Security Assistance Act of 1978, as harmful to U.S. policy interests generally, and because of its adverse impact on U.S. inflation. The proposed assistance to Turkey, if passed, will, in effect, be used (1) to offset part of the cost to Turkey of Turkey's occupation of Cyprus, and (2) to finance the costs of Turkey's 80,000-man Army of the Aegean which is aimed at Greece and which is not under NATO control.

We were shocked to learn of President Carter's proposal to give \$150 million in aid on top of the massive \$300 million proposed earlier. Considering the announced access of Turkey to Defense Department surplus supplies, the total aid would amount to over \$1/2 billion (\$500,000,000), an unconscionable amount under any circumstances and doubly so when one considers that we are in the midst of an extremely serious inflation and confronting another enormous budget deficit.

The Administration's proposal can only harden further (1) Turkey's position of intransigence regarding a Cyprus settlement and (2) Turkey's position in vetoing Greece's reentry into the military command structure of NATO, and (3) can only stimulate more Turkish threats regarding Greece's Aegean Islands.

This Subcommittee is presently considering the \$100 million supplementary economic aid part of the Administration proposal. The President's supplemental aid package for Turkey contained a \$50 million military grant for Turkey as well. That grant request was never considered by this Committee even though the President sent both the economic and military aspects of the supplemental request to the House.

I am deeply concerned by the fact that the Carter Administration has pressured this Committee into not exercising its right of oversight with regard to the \$50 million in military grant assistance. The merits or lack thereof of the proposed grant should have been considered by the House Foreign Affairs Committee. The Senate Foreign

Relations Committee acted in mark-up session to reject the Administration's grant request by converting the grant into FMS credits and increased by \$42 million the FMS credit ceiling for Greece for FY 1980 to preserve the military balance. The House will only have input with regard to accepting or rejecting the Senate action in the Conference Committee.

Mr. Chairman, all of this supplemental aid is directly tied to the issues of Cyprus and the Aegean. Last summer the House of Representatives voted to lift the embargo by the narrowest of margins, 208-205. The issue was significant enough to warrant six hours of debate on the House Floor. In lifting the embargo the Congress expressed the expectation that the Government of Turkey would address the issues of refugee resettlement and troop withdrawals in the context of a Cyprus settlement.

A settlement is not in sight. The Turkish side continues to be intransigent, most recently rejecting the efforts of U.N. Secretary General Waldheim to resume intercommunal negotiations. It was the sentiment of many Members of Congress that FY 1980 budget requests for Turkey (and certainly supplemental requests for FY 1979 fall into this category) would be evaluated against Turkish actions to facilitate a Cyprus settlement, and as to their impact on preserving the military balance as between Greece and Turkey.

Now, Mr. Chairman, there is speculation that the House Foreign Affairs Committee is being pressured by the Carter Administration not to report out to the House Floor for a vote the \$100 million in supplementary economic assistance.

Bypassing House Floor action by taking these supplemental requests up in the Conference Committee based on Senate action will violate Members' rights to be heard on this issue. It would violate the institutional prerogatives of the House of Representatives. By avoiding a House Floor vote can we assume the House accepts the Senate as a unicameral legislative body?

What happened to the concept of a "new openness" in foreign policy that the President proposed to initiate when he began his term of office?

One hundred and fifty million dollars in aid flowing anywhere is a significant amount of money. It would be a disservice to the foreign policy interests of the United States and to the American taxpayer not to have the merits of the issued discussed and voted upon on the House Floor.

The reasons this Committee should oppose outright the Administration's \$100 million supplemental economic aid request are clear, compelling and numerous:

1. The Rule of Law - Turkey continues to be in violation of U.S. laws, the NATO Charter, the United Nations Charter and international law generally with its occupation of Northern Cyprus by 27,000 troops, illegally armed with U.S.-supplied arms and equipment and with its 35,000 civilian colonists.
2. It is directly contrary to Congressional directives and policies set forth in the International Security Assistance Act of 1978 (ISA Act of 1978) which,
 - (a) Ties aid to Turkey to progress on Cyprus with emphasis on removal of Turkey's 27,000 armed occupation troops and return of refugees to their homes; and

- (b) Expresses the sense of Congress that aid to Greece and Turkey shall preserve the present military balance between them.
3. Turkey has been blocking for over two years the reintegration of Greece into the NATO military structure. (See Mr. Derwinski's remarks, Congressional Record, March 29, 1979, p. H-1828, and attached New York Times article of May 3, 1979. Greece's reentry was approved by all the alliance partners except Turkey. Under the NATO Charter every member country has veto power over Greece's reentry, which Turkey has chosen to exercise.
 4. Prime Minister Ecevit has made it clear that he perceives no threat from the Soviet Union. Mr. Ecevit perceives Greece to be his primary threat and has indicated that he will revise Turkey's defense structure and policy accordingly. (The Guardian, May 16, 1978).
 5. It will have an adverse impact on the Karamanlis Government and will strengthen the opposition party which has been calling for Greece's full withdrawal from NATO and which is opposed to Greece's entry into the EEC.

The problem is a serious one, as it is feared that if the reintegration of Greece cannot be accomplished while Mr. Karamanlis is still the Prime Minister it may never happen. It is rumored that Prime Minister Karamanlis will either assume the Presidency in the next year or move out of the political scene entirely now that he has assured Greece's accession into the EEC. Karamanlis' growing left of center opposition has gained much electoral strength by using anti-American and anti-NATO themes.

6. The Turkish occupation of Northern Cyprus is at a substantial cost to the Turkish economy. In effect, U.S. aid subsidizes the Turkish occupation of Northern Cyprus. The Administration estimated in testimony the costs to Turkey at \$45 million for subsidizing the Turkish Cypriot administration. It estimated the cost of the 27,000 Turkish troops only on an incremental basis at an additional \$10 million, arguing that those troops would be serving normal tours of duty in Turkey anyway. No specific figure was given for the cost of the 35,000 colonists.

Is the Administration attempting to rationalize away the burden of occupation troops on Cyprus by simply stating that the costs of their maintenance are incremental ones?

Conservative estimates of the cost to Turkey of its occupation of Northern Cyprus start at \$100,000,000. We believe the range is between \$100 and \$300 million. There is an important additional cost - the diversion of Turkey's attention from its pressing domestic problems. Has it ever occurred to the Administration that a deemphasis on appropriations accorded to the Turkish military would go a long way toward reducing some of Turkey's economic problems? One of Turkey's key problems is the economic burden of its oversized army.

7. U.S. aid subsidizes the economic costs of Turkey's Army of the Aegean which is aimed at Greece and is not under NATO control. Excluding airplanes and naval ships Turkey's

Army of the Aegean is composed of 80,000 troops, 500 tanks and armored vehicles, 50 landing craft (used in Cyprus), and two large troop transports (for tanks as well as troops, also used in Cyprus). The minimum annual cost at \$5 per day per soldier is \$146 million.

8. Impact on U.S. inflation and budget deficit. The American taxpayer must question spending American dollars to bail out a hopelessly mismanaged Turkish economy, particularly when we have a serious inflation problem at home. Giving an additional \$100 million of aid to Turkey is fiscally irresponsible, an absolute waste of scarce U.S. dollars in the bottomless pit of the mismanaged Turkish economy. It would be better to use our scarce dollars at home than to give them to Turkey.

The Economist put it as follows:

"The United States cannot easily buy a foreign policy for much longer by lending or giving large sums on top of America's huge payments deficit. When America tries to do so it further weakens the dollar and this now puts real gross world product down and not up." The Economist, March 17, 1979.

9. U.S. economic and military assistance to Turkey is a waste of U.S. taxpayer dollars.

Unless Turkey:

- (a) meets fully the IMF conditions for IMF economic assistance, and
- (b) renounces its militarism by pulling its 27,000 occupation troops and 35,000 colonists out of Cyprus, and disbands its 80,000-man Army of the Aegean which is aimed at Greece and not under NATO control,

any aid will be definitely wasted.

Turkey's economic, political and social disarray is of such magnitude that the probability is that any U.S. aid will disappear in Turkey's inflation and in its corruption.

It is known that the Administration feels that the Western countries must fill a \$2 billion gap for Turkey for the next fiscal year.

It is anticipated that \$120 million will be forthcoming from the IMF, \$400 million from commercial banks, and another \$235 million through OECD refinancing will be made available to Turkey. The total of these sources, conditioned on Turkish compliance with IMF conditions, is approximately \$755 million. The assumption that the \$755 will be forthcoming and that the OECD countries will fill the \$1.2 billion gap, is at best a dubious one.

It is the Administration's belief that if the United States comes forward with \$248 million (\$98 million already approved in the International Development Cooperation Act, \$100 million in supplemental economic aid for FY 1979 and

a \$50 million Export-Import loan) that it will stimulate West Germany to make a commensurate contribution. That would put the bail-out effort in the \$450 to \$500 million range which is considerably short of the \$1.2 billion that is needed. It is rumored that the British proposed to contribute \$15 million to the aid package. There is no indication at the present time as to what the Japanese or French contributions are likely to be.

The Administration is basing its proposal for \$248 million on the notion that this will stimulate other countries to become partners in the effort to bail out the Turkish economy. There is every indication that the effort will fall far short of what has been determined is needed for Turkey for the next fiscal year.

Has the Administration considered the possibility that if the aid effort falls far short of its projected necessary dollar figures that the \$248 million American contribution will end up being wasted?

Has the Administration considered the possibility that even if \$2 billion is provided Turkey that it may not make any basic difference in the Turkish economy?

"Turkey will be impelled into faster economic collapse and thus actually mounting social unrest if Mr. Ecevit is given emergency foreign exchange to help him pretend for much longer that his exchange rate can be kept at twice the rate the market is signalling so that exports are impossibly discouraged by securing only half the price they would otherwise get and imports are encouraged though being priced far too cheaply." The Economist, March 17, 1979.

Does the Administration really believe providing Turkey with \$2 billion will make Turkey a reliable ally and will halt Turkey's long-time rapprochement with the U.S.S.R. or its more recent efforts with its Moslem neighbors?

10. We can use the money better at home with our many urban, suburban and farm needs.
11. We should not reward incompetence and corruption in the use of our foreign assistance.
12. The murder of two American soldiers and the wounding of three others in two separate Turkish terrorist attacks this past month. Increasing aid to Turkey (instead of decreasing it) in the face of the killing and wounding of American servicemen in Turkey is giving the most horrendous type of signal imaginable to Turkey and Turkish terrorists.
13. The constitutional partnership role of Congress in foreign affairs.
14. West Germany initiated the Guadeloupe bail-out proposal for Turkey. Let West Germany pay for it from her budget surpluses.

A FULL REASSESSMENT OF U.S.-TURKISH RELATIONS IS NEEDED

Instead of this distinguished Committee holding hearings on supplemental economic assistance to Turkey, an acknowledged aggressor who has been occupying Northern Cyprus for close to five years with some 30,000 armed occupation forces and 35,000 Turkish colonists in continuing violation of U.S. laws, the NATO Charter, the U.N. Charter and international law generally, I urge and request that this Committee in the interests of U.S. foreign policy embark on a full reassessment of U.S.-Turkish relations.

Some of the questions to be studied and answered in such a reassessment are:

1. Is Turkey a reliable ally of the West? This not an idle question and finally it is beginning to be debated. I submit that if you line up on one side of the ledger Turkey's actions over the past 15 to 20 years which have aided the Soviet Union and on the other side of the ledger those actions which have helped the United States or NATO, the side of the ledger favoring the Soviet Union will predominate.

Consider Turkey's blocking of Greece's reentry into the military command structure of NATO. Consider Turkey's allowing the U.S.S.R. military overflights and land convoys through Turkey to Syria and Iraq in the October, 1973 Middle East War while refusing the U.S. overflights. Consider Turkey's active assistance to the buildup of the Soviet Mediterranean fleet and to the U.S.S.R. supplying of arms to African nations through the Dardanelles both of which policies and actions NATO protested to no avail.

Consider that Turkey refused transit rights to American Marines who were being deployed to rescue American citizens in Iran.

It was reported today in both The New York Times and The Washington Post that Turkey will grant the United States U2 overflight privileges for SALT verification only if the Soviet Union does not object. (See The New York Times article, May 15, 1979, attached).

2. Are we embarking on an economic Vietnam in Turkey? This is also not an idle question. Turkey is in desperate economic straits because of its militarism (in Cyprus and its threats against Greece) and because of its own deliberate economic policies at home. Its governing elite believes it can force aid from the West and the U.S.S.R. by playing both off against each other. State and Defense Department witnesses testified before the Senate Foreign Relations Committee that they would be back next year asking for more.

3. Why is the United States aiding a nation found guilty of gross human rights violations by the Council of Europe and which has thus far been totally uncooperative in U.N. efforts to locate the 2,100 Greek Cypriot missing persons on Cyprus?

4. Is the U.S. taxpayer under any obligation to support Turkey's inflation and unemployment?

5. Is the U.S. taxpayer under any obligation to support Turkey's bloated military establishment?

6. Is the United States contributing to an arms race between Greece and Turkey?

7. Can we guarantee that the arms we supply to Turkey will not be used against Cyprus, Greece, Israel?

8. Is our policy on aid to reward incompetence, corruption, deliberate fueling of an economy?

9. What are Turkey's population projections?

10. What is the impact of the Iranian Revolution on Turkey's foreign and domestic policy.

11. What is the role of the military in Turkey?

12. What would be the impact to the West of a neutral non-aligned Turkey?

13. What is the real value of the handful of U.S. listening posts in Turkey? In this area the Administration has been less than forthright. From comments of various experts we understand that the two listening posts in question are not necessary or vital to SALT II verification. On the other hand some Administration officials are feeding some reporters the line that these posts take on added importance because of the loss of listening posts in Iran and imply that they are needed for SALT II verification.

Frankly, assuming the two listening posts are necessary for SALT II verification then we submit that each and every Senator should vote against SALT II ratification as it would be highly irresponsible to put the security of our nation in the hands of any third country, and particularly a third country like Turkey.

In summary, the proposed \$100 million supplemental economic assistance for Turkey is not in the best interests of the United States. We urge and request this Committee to initiate a full reassessment of U.S.-Turkish relations.

Our comments in our testimony of these past four years since the lifting of the partial embargo on October 2, 1975 to date regarding the effect of military and economic aid to Turkey have, unfortunately, been proven accurate by events. I predict that our comments in this testimony will also be proven accurate.

We will persist in our efforts in the interests of U.S. foreign policy in support of (1) the Rule of Law in international affairs; (2) a just and equitable Cyprus settlement in accordance with unanimous U.N. General Assembly Resolution 3212; and (3) a strengthened U.S.-Greek relationship based on mutual self-interest.

Thank you, Mr. Chairman.

* * * * *

[From The New York Times, May 3, 1979]

GREECE'S RE-ENTRY TO NATO IS SNAGGED

Efforts Reported Floundering Over Turkey's Demand for Control Over Aegean Airspace

ATHENS, May 2 — Efforts to reinstate Greece as a full member of the North Atlantic Treaty Organization, which have been strongly backed by the United States and considered almost certain to succeed, are now floundering, according to American and Greek diplomatic sources here.

The main obstacle, the sources say, is the question of military responsibility for airspace over the Aegean. Turkey is insisting that it be given responsibility for airspace extending 30 miles beyond its Aegean coastline, and Turkey, like every other NATO member, has veto power over Greece's re-entry.

While Greece has expressed willingness to modify slightly the areas of responsibility it had before leaving the military arm of NATO in 1974, it is not willing to accept the Turkish demand for 30 miles, which would include the airspace over such Greek islands as Rhodes, Chios and Lesbos.

"No government can accept such an arrangement because it would mean surrendering control over sovereign territory," the Greek Minister of Defense, Evangelos Averoff, said in an interview.

Haig Seeks Compromise

Gen. Alexander M. Haig Jr., the NATO commander, plans an all-out effort to persuade Turkish leaders to accept a compromise before he leaves his post on June 1, but diplomats familiar with the negotiations feel that he has little chance of succeeding.

The apparent impasse on the issue represents a serious setback for General Haig, who has taken personal charge of efforts to clear the way for Greek re-entry. Last year he negotiated with Gen. Ioannis Davos, the armed forces chief, the tentative arrangement under which Greece would rejoin the alliance and won support from all members except Turkey.

When he decided to leave his NATO post he sent messages to the leaders of all member countries informing them of his intention, and in the one to Prime Minister Constantine Caramanlis of Greece he added a personal note declaring that he would give Greek re-entry top priority in the time he had left.

"We know General Haig is doing all he can," said a high Greek official. "It's to his interests to leave NATO stronger than he found it, particularly if he intends to enter politics. But we're not sure how much backing he's getting from Washington. Ever since the fall of Iran, Washington has been appeasing Turkey on everything."

Turkey's Demands Defended

American diplomats here say that Washington is as eager as Athens to see Greece back in NATO, but Turkey's veto power is guaranteed by the NATO charter and Ankara is insisting on its demands before approving Greek re-entry.

Prime Minister Bulent Ecevit of Turkey has defended his country's demands for broader responsibilities in the Aegean by saying that Greece's exclusive control over the area under the former arrangement was unreasonable and that Greece should not expect to return on the same terms it had when it left.

The problem has caused considerable concern among NATO leaders because they feel that if Greek re-entry is not accomplished while Mr. Caramanlis is Prime Minister, it may never happen, and many believe he will leave his post and become President within a year.

In 1974 Greece sharply reduced its participation in NATO in anger over the Turkish invasion of Cyprus. The Greek feeling was that NATO could and should have stopped it. Although Greece did not renounce its treaty obligation to consult with other NATO countries in case of an attack, it did limit the use of NATO communications and early-warning stations on its territory and stopped regular reporting to NATO on the position of its troops.

Mr. Caramanlis has told American diplomats that in moving to re-enter NATO before the Cyprus issue is settled, he has already made a considerable compromise. He feels that the Turkish demands for broadened air responsibility are outrageous and that the other NATO members, particularly the United States, should press Ankara to abandon them.

[From The New York Times, May 15, 1979]

TURKEY WOULD LET U-2 USE ITS AIRSPACE IF SOVIET APPROVED

Condition on Use of the Spy Plane
for Verification of Arms Pact
Is Made Public in Ankara

By BERNARD GWERTZMAN

WASHINGTON, May 14 — Turkey has told the United States that only if Moscow does not object will it allow the American U-2 reconnaissance planes to fly over its territory to check on Soviet compliance with the arms limitation treaty.

A statement made public in Ankara by the Turkish Foreign Ministry thus confirmed articles in the Turkish press about one of the most delicate sets of negotiations in recent years.

The statement caused consternation in the Carter Administration because it raised the question again whether the arms accord, to be signed next month in Vienna by President Carter and Leonid I. Brezhnev, the Soviet leader, could be adequately verified.

Linkage to More Economic Aid

In addition, the issue of whether the high-flying reconnaissance planes can carry out their mission has caused problems in the Administration's efforts to obtain Congressional approval for more economic and military aid to Turkey.

After the loss of two electronic listening posts in Iran, the Carter Administration told members of Congress last month that it was considering the use of the U-2 planes to fly in Turkish airspace close to the Soviet border to monitor Soviet missile test firings at the Baikonur launching site at Lenininsk in Central Asia.

The information, augmented by satellites and by land stations in Turkey, was to be used to compensate for the loss of the Iranian stations. The data was to be used to check on Soviet compliance with the limits placed in the arms treaty on modernization and other aspects of land-based intercontinental ballistic missiles.

According to the Turkish accounts, President Carter sent a three-page letter to Prime Minister Bulent Ecevit explaining the American need for the use of Turkish airspace.

In negotiations early last week with Deputy Secretary of State Warren M. Christopher, Mr. Ecevit, according to the

Turkish press, said he would not permit the U-2 flights unless Moscow agreed.

Authoritative sources here said Mr. Ecevit was trying to be cooperative but was wary of leftist pressures if he appeared to be agreeing to the American plan in the face of Soviet criticism. Moreover, the sources said, although Turkey is a member of the North Atlantic Treaty Organization, Mr. Ecevit does not want to upset relations with Moscow.

Officials here were unwilling to speculate whether Moscow might be willing to go along with the U-2 monitoring plan. One official said that, if the Soviet Union did not agree, this might hurt the chances for ratification in the Senate. So far, the United States has not raised the matter with the Soviet Union.

The arms treaty states that each side will use "national technical means" to check on the other's compliance. It also bars either side from interfering with those "national technical means." In practice this has meant that there would be no on-site inspection, but that reconnaissance satellites and other electronic intelligence devices could be used.

U-2 Plan Poses Problem for Soviet

The use of U-2's in Turkey raises the problem for the Soviet Union that the planes may be carrying out intelligence missions beyond checking on compliance with the treaty. On the other hand, if the Soviet Union did not agree to the U-2 plan, the question may arise whether this represents interference with "national technical means."

Today's Turkish Foreign Ministry statement on the request for U-2 overflights said:

"In response to the United States request, it has been pointed out that Turkey attaches great importance to SALT II and to its effective implementation. However, since Turkey is not a party to this treaty between the United States and the Soviet Union and as the text is not fully known to its Government, the subject could be taken up in the authoritative Turkish governmental bodies only if it is determined by Turkey that the requested contribution advances the objectives and concurs with the understanding of the parties to the treaty."

Stressing Turkey's desire for good relations with the Soviet Union, the statement said: "It is only natural that Turkey takes into consideration its own security and relations with its neighbors and takes care to base its relations with its neighbors on mutual trust."

The Soviet press has been critical of reported plans to use Turkish airspace for U-2 reconnaissance missions. Because of the celebrated case of Francis Gary Powers, whose U-2 was based in Incirlik, Turkey, the U-2 has become synonymous with espionage. Mr. Powers' plane was shot down in 1960 while flying over Soviet territory. The current plan is for the U-2's to be stationed at a British base in Cyprus and to fly only over Turkish territory.

Mr. HAMILTON. Are there any questions of Mr. Rossides?
 Mr. SOLARZ. Mr. Chairman.
 Mr. HAMILTON. Mr. Solarz.

TURKISH REJECTION OF NATO PROPOSAL

Mr. SOLARZ. On the question of the NATO negotiation, Mr. Rossides, is it your understanding, based on the May 3 article, or any other information available to you that at this point Greece and every other country in NATO, except Turkey, has accepted the NATO proposal for the reintegration of Greece into the alliance, but that Turkey has not? Is that your understanding?

Mr. ROSSIDES. That is right. It is not just from the May 3 article. It is my understanding that they have all accepted the original proposal.

General Haig and General Davos had meetings in 1978. This thing was started in 1975. They didn't meet until 1977 because Turkey objected to even meeting. That came from Mr. Averoff when he was here on his visit.

Davos and Haig had meetings and Haig made a favorable proposal for the Greek reentry, as I understand it, in July 1978. It is easy to find out.

Mr. SOLARZ. Was that proposal based on the previous terms under which Greece—

Mr. ROSSIDES. I don't know what the previous terms were, but it was in discussions between them.

Mr. SOLARZ. But Greece accepted?

Mr. ROSSIDES. Yes.

In other words, Greece made an application. They negotiated. Haig said what about the following points, and he accepted. Then it went to the committee.

Mr. SOLARZ. Right. And then everybody accepted it except for Turkey?

Mr. ROSSIDES. Exactly.

Mr. SOLARZ. At that point, did General Haig come back with a new proposal?

Mr. ROSSIDES. That I don't know.

Mr. SOLARZ. You don't.

Mr. ROSSIDES. No.

Mr. SOLARZ. So your information goes up to the point at which Turkey rejected it, but everybody else accepted it.

Mr. ROSSIDES. Right. Mr. Christopher is saying here that Haig is now going back to try to work out something.

TURKISH COLONISTS

Mr. SOLARZ. I have one other question.

You indicated that there were 35,000 colonists presently in the Turkish sector?

Mr. ROSSIDES. Yes.

Mr. SOLARZ. Would you tell us what you mean by "colonists." What is your definition and how did you get that figure?

Mr. ROSSIDES. Yes, these are the estimates that have been in most of the papers. The colonists are Turkish citizens, from Turkey, trans-

ported to Cyprus and given the homes of the various Greek Cypriots in the north.

Mr. SOLARZ. These are not people who once lived on Cyprus, are they?

Mr. ROSSIDES. No, no. These are Turks, from Turkey.

Mr. SOLARZ. These are people who are born in Turkey, who are Turkish citizens, who were transferred to Cyprus?

Mr. ROSSIDES. Yes, Mr. Solarz.

Mr. SOLARZ. Where did you get the figure of 35,000?

Mr. ROSSIDES. Primarily from the Turkish newspapers. In fact, one paper had the figure of 60,000, but the general feeling is that 35,000 is the figure.

Mr. SOLARZ. Have these people been sent there incrementally since the invasion?

Mr. ROSSIDES. They really started very heavily right after the partial lifting of the embargo in October 1975. It was incredible. As soon as we lifted the partial embargo, boom, Turkey did that incrementally. I don't think they are doing much now, but there are about 35,000 there.

Mr. SOLARZ. I personally would appreciate it if you could supply me with any documentation for this.

Mr. ROSSIDES. I will, Mr. Solarz. I would be delighted to. I would hope that when you got the information you will try to do something about it.

Mr. SOLARZ. Well, I certainly will look into it.

Mr. ROSSIDES. It is incontestable. In fact, what you read in the Turkish Cypriot press concern the disputes between the Turkish Cypriots in the north and the Turkish colonists. The Turkish Cypriots have called for the removal of the Turkish colonists.

Mr. SOLARZ. Without getting into a dispute on the merits of your allegations, let me say that allegations to this effect have been denied to me in the past. That is why I want to pursue it further.

What you say is serious and I think it bears investigation.

Thank you, Mr. Chairman.

Mr. HAMILTON. Mr. Rossides, thank you very much. I am sorry you had such an extended wait. But we appreciate your testimony and your statement very much.

I will request that unauthorized persons leave the room at this time and would ask Mr. Christopher to return so that we can go into executive session.

[Whereupon, at 5 p.m., the subcommittee proceeded in executive session.]

EXECUTIVE SESSION

Mr. HAMILTON. The subcommittee will come to order.

We welcome Mr. Christopher back to the subcommittee in executive session.

Mr. Christopher, I think the questions which originally prompted our desire to go into executive session related to the overflight problem and, particularly, the report in the paper this morning which suggested that Mr. Ecevit would not permit the U-2 flights unless Moscow agreed.

Would you comment on that, please.

Mr. CHRISTOPHER. Mr. Chairman, I wonder if I could ask you a question off the record?

Mr. HAMILTON. Certainly.

Off the record.

[Discussion off the record.]

Mr. CHRISTOPHER. [Security deletion].

Mr. HAMILTON. Mr. Christopher, I take it that we have asked for the right of overflight.

Mr. CHRISTOPHER. [Security deletion].

Mr. HAMILTON. The planes would be coming from where?

Mr. CHRISTOPHER. [Security deletion].

Mr. HAMILTON. The Prime Minister has said that when we made that request?

Mr. CHRISTOPHER. [Security deletion].

Mr. HAMILTON. So, the situation is that we have asked him for permission to overfly and he has said he wants to [security deletion].

Mr. CHRISTOPHER. [Security deletion].

Mr. HAMILTON. So, [security deletion].

Mr. CHRISTOPHER. [Security deletion].

Mr. HAMILTON. [Security deletion].

Mr. CHRISTOPHER. [Security deletion].

Mr. HAMILTON. Is it possible to verify SALT adequately without the overflight rights over Turkey?

Mr. CHRISTOPHER. [Security deletion].

Mr. HAMILTON. What will be an alternative in the event you cannot overfly over Turkey? Could we overfly over somewhere else?

Mr. CHRISTOPHER. [Security deletion].

[Security deletion.]

Mr. HAMILTON. They are not very helpful in the verification process?

Mr. CHRISTOPHER. [Security deletion.]

Mr. HAMILTON. If we did not have access to the intelligence bases and if we did not have the overflight rights, could we still verify SALT adequately?

Mr. CHRISTOPHER. [Security deletion.]

Mr. HAMILTON. The other area that I would like to ask you to comment upon relates to the reentry of Greece into NATO.

Would you please comment on the status of those negotiations?

Mr. CHRISTOPHER. [Security deletion.]

Mr. HAMILTON. Mrs. Fenwick.

Mrs. FENWICK. Thank you, Mr. Chairman.

Mr. Secretary, for the first time I am beginning increasingly to get a feeling of dismay and almost fright. I think that "The Economist" quote by Mr. Rossides was very much to the point. We seem to be pouring out one grant or gift of assistance after another to one country after another, and the effect is only, at best, that we hope they will still keep talking to us. I am now talking just about Turkey.

Russia seems to be giving military aid to Turkey, and, according to one report, in response to Soviet economic aid the Turks would now permit the Soviet Union regular military overflight. How is it possible that their aid is so much more effective than ours? It would seem to me, maybe a chauvinist, that any country would want to be friendly and that if we helped them, it would be even more friendly.

Suddenly our whole foreign policy seems to be in disarray. We increase our debt, we diminish our balance of payments, we pour out money that we do not have, and the effect is not good.

I really have a terrible feeling of things flowing away from us.

Mr. CHRISTOPHER. [Security deletion.]

Mrs. FENWICK. But what about Syria and Lebanon? You know, the State Department has come before us and justified our giving some small aid to Syria on the basis that they will still talk to us. Also Jordan. It isn't just Turkey. I have the feeling that everything seems to be flowing away from our country.

I thought that the gesture the President took with regard to arms for North Yemen seemed to be a positive one. It was something. It was an action. But it didn't seem to produce much.

Do you know anything about this economic aid guaranteeing Russian overflights?

Is that true? Is it true that in exchange for economic aid, Turkey is going to give Russia military overflights any time they want these?

Mr. CHRISTOPHER. [Security deletion.]

Mrs. FENWICK. There is nothing that you know about their having granted military overflights to the Soviet Union, is there?

Mr. CHRISTOPHER. [Security deletion.]

Mr. HAMILTON. I am conscious of the time, Mr. Secretary, and we have both Mr. Rosenthal and Mr. Solarz here.

Mr. Rosenthal.

Mr. ROSENTHAL. Mr. Secretary, can you tell us again how many Turkish troops are on Cyprus?

Mr. CHRISTOPHER. [Security deletion.]

Mr. ROSENTHAL. Would you give us dates.

Mr. CHRISTOPHER. [Security deletion.]

Mr. ROSENTHAL. In other words, you don't know, verifiably, how many troops there are there.

Mr. CHRISTOPHER. [Security deletion.]

Mr. ROSENTHAL. But you don't know whether or not they are telling the truth.

Mr. CHRISTOPHER. [Security deletion.]

Mr. ROSENTHAL. Obviously you know about the letters the Agency and DOD sent to me. The CIA, in a letter dated May 11, which contained a review dated May 3, said that we estimate the Turks currently maintain between [security deletion] troops on Cyprus. In a letter sent to Mr. Brademas, a copy of which was sent to me, dated May 7, said that according to our best estimate the Turkish force on Cyprus consists of about [security deletion] men.

Is the basis of your objection to those figures that a high Turkish official told you there has been some drawdown?

Mr. CHRISTOPHER. [Security deletion.]

Mr. ROSENTHAL. That has not been verified by U.S. sources?

Mr. CHRISTOPHER. [Security deletion.]

Mr. ROSENTHAL. I don't want to debate this issue but frankly I think it is unfair to put this out in public and not be able to rebut it in public. The CIA report says,

We arrive at this range by evaluating limited clandestine reporting, analyzing Turkish force structure on Cyprus, and applying likely manning levels to that structure, and assessing reports by U.N. observers on the movement of troops in and out of the port of Famagusta.

It sounds to me like they are working at it. It is very unfair to throw other figures out in public and then not be able to substantiate them.

Mr. CHRISTOPHER. [Security deletion.]

Mr. HAMILTON. Mr. Solarz.

Mr. SOLARZ. Ben, did you indicate what the figures were in the letter you received?

Mr. ROSENTHAL. I read it. It is a letter from Frank Carlucci dated May 11 and contains a document reviewed May 3. It says [security deletion]. The letter from the Department of Defense dated May 7 says [security deletion].

It is not a major issue but there is no sense in saying that that is a big event when you are guesstimating on a surmise.

Mr. SOLARZ. Mr. Secretary, you indicated that General Haig has now come forward with a compromise proposal on Greek reintegration which has been accepted by Ecevit and that you are now trying to get Karamanlis to accept it as well. Would you indicate in what way this compromise proposal differs from the original proposal, which I gather was accepted by everyone in NATO except Turkey. Is it true that the original proposal was accepted by all the other NATO countries except Turkey?

Mr. CHRISTOPHER. [Security deletion.]

STATEMENT OF GEN. ERNEST GRAVES, DIRECTOR, DEFENSE SECURITY ASSISTANCE AGENCY

General GRAVES. [Security deletion.]

Mr. SOLARZ. There was an article on May 3 in "the New York Times" which says that. Of course, "the Times" has been known to be incorrect.

Mr. Secretary, what is your information? Is this May 3 story correct that there was a NATO proposal for reentry that was accepted by every country except Turkey? Is that true or false?

Mr. CHRISTOPHER. [Security deletion.]

Mr. SOLARZ. OK. But at the technical level, then, it was acceptable to everybody but Turkey?

Mr. CHRISTOPHER. [Security deletion.]

Mr. SOLARZ. Except from Turkey?

Mr. CHRISTOPHER. [Security deletion.]

Mr. SOLARZ. And then the Turks at the governmental level said it was unacceptable.

How does the new proposal differ from the original proposal?

Mr. CHRISTOPHER. [Security deletion.]

Mr. SOLARZ. How does it relate to this alleged demand by the Turks to have jurisdiction over the airspace extending 30 miles from their border into the Aegean? Did the Turks make such a demand?

Mr. CHRISTOPHER. [Security deletion.]

Mr. SOLARZ. There is one final matter, and I really ask this question very sincerely, and since we are in executive session I hope you can answer it with as much candor as possible. It relates to the Cyprus situation.

There was a feeling on the part of a number of us that once we lifted the embargo there might be some progress. The fact that there has not been any progress has been cited, quite frankly, by a lot of people as an argument that lifting the embargo failed and that the Congress was misled.

It has always seemed to me that in order to get agreement on this question, you need cooperation on both sides. Frankly, I have not been that close to it for the last year, but you have. I would like to know in your judgment to what extent the lack of progress is due primarily to the stubbornness or intransigence of the Turks. And, to what extent have they been forthcoming but the Greeks have not been willing to accept legitimate proposals and therefore the fault lies primarily with them. To what extent does the lack of progress lie with both of them?

Denktash did make a proposal at one point involving Famagusta, but I am not at all clear whether that was responded to.

Could you give us some sense of who is at fault here and how much of the responsibility is shared equally by both countries?

Mr. CHRISTOPHER. [Security deletion.]

Mrs. FENWICK. If the gentleman would yield, did this have the approval of the Greek Government, or were the Greek Cypriots acting rather against the will of the Greek Government?

Mr. CHRISTOPHER. [Security deletion.]

Mr. SOLARZ. Did Kyprianou ever indicate what, if anything, was unacceptable about the Denktash proposal with regard to Famagusta?

Mr. CHRISTOPHER. [Security deletion.]

Mr. SOLARZ. The proposal was that once discussions began in the intercommunal framework, at that point the Greek Cypriot refugees would return, wasn't that it?

Mr. CHRISTOPHER. [Security deletion.]

Mr. SOLARZ. Would start returning. Then it was not all at once?

Mr. CHRISTOPHER. [Security deletion.]

STATEMENT OF RAYMOND EWING, DIRECTOR, OFFICE OF SOUTH-ERN EUROPEAN AFFAIRS, DEPARTMENT OF STATE

Mr. EWING. [Security deletion.]

Mr. SOLARZ. And as they moved in, they would be under U.N. jurisdiction?

Mr. EWING. [Security deletion.]

Mr. SOLARZ. That would be without prejudice to whatever final agreements were negotiated with respect to Famagusta.

Mr. CHRISTOPHER. [Security deletion.]

Mr. SOLARZ. Where do the Nimetz and Waldheim proposals fit into this? I was under the impression that at one point Nimetz's proposal, which was accepted in part or in whole by Waldheim, was accepted by Kyprianou as the basis for discussion but not by Denktash. Is that false or correct?

Mr. CHRISTOPHER. [Security deletion.]

Mrs. FENWICK. Is the chronology classified?

Mr. CHRISTOPHER. [Security deletion.]

Mrs. FENWICK. Thank you.

Mr. HAMILTON. Mr. Secretary, we will be submitting to you some questions not only with regard to Oman, which we have not covered, but also about Turkey.¹ I will make one further statement to you off the record.

[Discussion off the record.]

Mr. HAMILTON. The subcommittee stands adjourned.

[Whereupon, at 5:35 p.m., the subcommittee adjourned, to reconvene at the call of the Chair.]

¹ See appendix 3, p. 112.

SUPPLEMENTAL AID REQUESTS FOR FISCAL YEARS 1979 AND 1980 FOR TURKEY

THURSDAY, MAY 31, 1979

HOUSE OF REPRESENTATIVES,
COMMITTEE ON FOREIGN AFFAIRS,
SUBCOMMITTEE ON EUROPE AND THE MIDDLE EAST,
Washington, D.C.

The subcommittee met at 10:40 a.m., in room 2255, Rayburn House Office Building, Hon. Lee H. Hamilton (chairman of the subcommittee) presiding.

Mr. HAMILTON. The meeting of the subcommittee will come to order.

Today the Subcommittee on Europe and the Middle East continues its hearings on supplemental fiscal years 1979 and 1980 requests for Turkey.

As members will recall, on April 10, 1979, the President transmitted a bill to authorize supplemental economic support for fiscal year 1979 for Turkey of \$100 million under the economic support fund.

Sixteen days later, on April 26, 1979, a request was made to amend the fiscal year 1980 legislation to authorize \$50 million in grant MAP assistance for Turkey. This amendment to the fiscal year 1980 request would bring assistance for Turkey for fiscal year 1980 to a total of \$350 million because the House has already approved authorizations of \$200 million in FMS credits, \$98 million in economic support fund money and \$2 million in grant training.

Since the subcommittee held its initial hearing on these additional requests May 15, the Senate has approved the additional \$100 million in economic aid and, by a vote of 2 to 1 \$50 million in grant military aid.

The Chair would like to note that since our hearing of May 15 the Greek and Turkish Cypriot leaders met under the auspices of the Secretary General of the United Nations, agreed to a joint communique and agreed to start negotiations in June. We are heartened by these developments and hope for sustained and productive negotiations over the coming months.

We are happy to have with us today to continue our consideration of these requests Deputy Secretary of State Warren Christopher. He is accompanied by Gen. Lew Allen, Jr., Chief of Staff, U.S. Air Force.

The Chair wishes to advise members of the subcommittee that when a quorum of members of the subcommittee is present it will take up consideration of House Concurrent Resolution 91, a bill urging the Government of Syria, on humanitarian grounds, to permit Syrian Jews to emigrate.¹

¹ The subcommittee's markup is contained in another publication.

Mr. Christopher, perhaps you would like to make a few comments before we turn to questioning from members. We welcome you before the committee.

STATEMENT OF HON. WARREN M. CHRISTOPHER, DEPUTY SECRETARY OF STATE

Mr. CHRISTOPHER. Thank you, Mr. Chairman.

Mr. Chairman and members of the committee, before I respond to your questions I would like to mention several positive developments which have occurred in this area since I was before the committee 2 weeks ago. The chairman has already referred to perhaps the most important one, and that is the summit meeting in Cyprus between President Kyprianou and Turkish Cypriot Leader Denktash under the auspices of U.N. Secretary General Waldheim.

As the chairman said, this resulted in an agreement to resume the intercommunal talks which had been suspended for more than 2 years. The United States had worked closely with Mr. Waldheim and with the parties to help achieve this result. We are greatly encouraged by the result because we believe these talks are the best hope for resolving the Cyprus problem.

THE KEY TO SUCCESS IN NEGOTIATIONS

I would emphasize, Mr. Chairman, that the May 19 agreement is just the beginning; success will come only as a result of hard work and dedication by both parties as well as the other countries who are interested and involved. We applaud the efforts of the principal participants, Secretary General Waldheim and the two community leaders President Kyprianou and Mr. Denktash. We will continue to do all we can to assist the parties as they undertake the next stage in the process.

OECD COUNTRIES PLEDGE CONTRIBUTIONS

A second positive development, Mr. Chairman, occurred yesterday in Paris. This was a meeting of the OECD countries to pledge contributions to the multilateral economic assistance effort for Turkey. I think it is fair to say that this meeting was strikingly successful. Approximately \$900 million was pledged to assist Turkey in calendar year 1979. I want to mention particularly the decision of the Federal Republic of Germany to match our proposed contribution of \$200 million in concessional loans.

DISCUSSIONS BETWEEN IMF AND TURKEY RESUMED

A third and related positive development is the resumption of discussions between the IMF and the Government of Turkey. As you know, the multilateral assistance package is intended to support Turkey's effort to implement the reforms requested by the IMF. The aid from the multilateral project will be made available to Turkey only in the context of an agreement with the IMF. We hope, Mr. Chairman, that yesterday's pledges will provide the necessary incentive for the Government of Turkey to take the difficult decisions that will lead to an IMF agreement.

GREEK SIGNING OF THE TREATY OF ACCESSION TO EC

A fourth event which is important to our objectives in the eastern Mediterranean occurred Monday of this week, May 28, when Greece signed the Treaty of Accession to the European Community. This will lead to Greece's full membership in the EC in 1981 when it will become the EC 10. We very much welcome this Greek accession which we believe will stimulate further progress in Greece's strong and dynamic economy and will strengthen Greece's ties to the Western members of the alliance.

Despite these encouraging developments we continue to be very concerned about the situation in the eastern Mediterranean. In particular the economic and military assistance for Turkey which I discussed with the committee 2 weeks ago is still urgently needed. The \$100 million in supplemental economic aid is essential for the success of the multilateral effort which I mentioned took a major step only yesterday.

NATIONAL INTERESTS IN EASTERN MEDITERRANEAN

The \$50 million in grant military assistance is necessary to help the Turkish military obtain urgently needed spare parts and support equipment to meet NATO preparedness standards. To go forward with this grant will demonstrate to the Turkish military in a time of increasing concern for that country's security that the United States is willing to make an extra effort in the interest of security cooperation between our two countries. I feel, Mr. Chairman, that that cooperation has never been more important.

As I testified 2 weeks ago before this subcommittee, I believe the President's additional requests for economic and military assistance are essential to vital national interests in the eastern Mediterranean. I urge members of this committee to support these requests.

With that I now stand ready to try to answer any questions that you might have.

Mr. HAMILTON. General Allen, would you like to make any comment before we turn to questions?

STATEMENT OF GEN. LEW ALLEN, JR., CHIEF OF STAFF, U.S. AIR FORCE

General ALLEN. No, sir. I believe that Mr. Christopher's comments suffice.

TURKEY'S PRESENT SITUATION

Mr. HAMILTON. All right, sir.

Mr. Christopher, the Senate voted the \$50 million military assistance to Turkey. Why is that grant so much more preferable than FMS credits already in the bill?

Mr. CHRISTOPHER. Well, that has to do with the situation in Turkey at the present time. I would say the grants are important and preferable, Mr. Chairman, militarily, economically and politically. Militarily, Turkey desperately needs new equipment and spare parts which will be purchased with this \$50 million. Becoming a grant MAP country will enable Turkey to purchase surplus or excess equipment from the United States at a depreciated basis. In short the \$50 million will be helpful to Turkey in arresting the deterioration of its military forces.

From an economic standpoint the \$50 million grant is preferable because the FMS credits, even if they were provided as recommended, by the Senate committee at a somewhat more concessional basis, are not nearly as advantageous as the grant given the condition of the Turkish economy.

Finally, from a political standpoint, perhaps a psychological-political standpoint, the grants have a symbolic importance to the Turkish military at the present time. The decision to provide this relatively modest amount of grant will give an indication to the Turkish military that we desire to cooperate with them in arresting the deterioration of their forces.

General Allen may want to supplement that answer.

TURKISH MILITARY FORCES DETERIORATION

General ALLEN. The situation in the Turkish military forces is not good at all. We estimate that nearly 50 percent of their equipment is badly in need of repair and is difficult to operate. We would judge their combat effectiveness to be fairly low at the present time. We need to assist them in order that their military contribution in NATO, which is substantial, can be as effective as we can help them make it. These moneys obviously won't correct their deteriorating capability, but they will provide productive and constructive assistance and do it quickly.

The access to excess defense equipment we think may be very useful to Turkey because most of its equipment is obsolete or obsolescent U.S. equipment. This would give them access to purchase depreciated stocks, which we may have on hand, and that may prove to be quite useful.

EQUIPMENT AVAILABLE UNDER MAP PROGRAM

Mr. HAMILTON. Is there any equipment available under a MAP program that would not be available under an FMS program?

General ALLEN. Yes, sir.

Mr. HAMILTON. What?

General ALLEN. This is the primary thing and it would consist of supplies, spare parts, and equipments, which are carried in the United States as excess to our needs—generally older equipment.

Mr. HAMILTON. Is there anything else other than that that would be covered by MAP that would not be covered by FMS?

General ALLEN. I am not aware of anything else. I believe we may have a backup witness that has that information.

No; they are otherwise the same.

FUTURE MAP ASSISTANCE FOR TURKEY

Mr. HAMILTON. I get the impression from what both of you say that we are probably going to be faced with a number of future requests for MAP assistance to Turkey; that is, this is just restarting the MAP program again for Turkey and in 1981, 1982, down the line here, we are going to be faced with future requests for MAP. Is that a fair impression?

Mr. CHRISTOPHER. Mr. Chairman, no decisions have been made about the future. I think it is no secret to this committee that both the Con-

gress and the executive branch believe that MAP is justified only in a very limited number of cases. I believe there are only five countries in the world which are presently getting or proposed for MAP grants. It is not a favored form of assistance; rather is used only in unusual cases. Whether there will be MAP proposals in the future depends upon the condition of the Turkish economy as well as the condition of the Turkish military. I would not say, Mr. Chairman, that the committee should conclude that there will necessarily be MAP proposals in the future. That decision remains to be made.

Mr. HAMILTON. Would it be your expectation at the present time that there would be future MAP requests for Turkey?

Mr. CHRISTOPHER. Mr. Chairman, I simply don't have an expectation about that.

Mr. HAMILTON. Are you sure?

Mr. CHRISTOPHER. Pardon me?

Mr. HAMILTON. Are you sure?

Mr. CHRISTOPHER. Yes, sir. I am sure that I don't have a firm expectation. I have seen the difficulty within the executive branch of bringing forward to the Congress a MAP proposal, and I think it would be very bold for me to have a confident expectation about what the future would hold.

NEGOTIATIONS ON BASE AGREEMENT AND U-2 OVERFLIGHT

Mr. HAMILTON. Now I have the impression on the basis of your testimony before us a few weeks ago, a few days ago, that without a grant program for Turkey it will be very difficult to get a successful conclusion to the base agreement of the U-2 overflight problem. Is that an accurate impression?

Mr. CHRISTOPHER. Mr. Chairman, I would not want to make any direct linkage between the MAP program which we are proposing and the precise results of either of those negotiations.

Mr. HAMILTON. Have the Turks made direct linkage?

Mr. CHRISTOPHER. The Turks have not made direct linkage but I think the attitude of the Turkish military as well as the Turkish political leaders is very important to us at the present time and we want to enhance the spirit of overall cooperation for the reasons you mention as well as others.

EXECUTIVE BRANCH SUPPORT FOR MAP PROGRAM FOR TURKEY

Mr. HAMILTON. Mr. Christopher, you know, of course, that the committee has been on record to phase out the grant MAP program and you mentioned a moment ago that MAP is only provided in very special circumstances. Here you are dealing with a country that has been less than totally cooperative from our standpoint with regard to Cyprus, it has been less than totally cooperative with regard to Greece's reentry into NATO, and yet you are still support grant military assistance. Given the fact that you do have some areas where we are disappointed in the performance of the Turkish Government, why should we make a special exception to a policy of the committee and of the Congress on MAP over Turkey?

Mr. CHRISTOPHER. Well, that is a very challenging question, Mr. Chairman, and I would like to try to answer it. Basically it is because I think this proposal is in the national security interests of the United States. Following the removal of the embargo, Turkey was very cooperative and forthcoming in allowing us to reopen our intelligence bases in Turkey without waiting for the negotiation of a new agreement. Those bases are extremely important to us, not solely for SALT verification but for our overall intelligence and military purposes and as a part of NATO.

I think the role that Turkey plays as the southern anchor of NATO is one that has grown increasingly important with other developments in the area, so I think the basic reason for asking for this rather unusual, as you say, grant MAP assistance is because it will serve the national security interests of the United States.

I would like to, if I can, Mr. Chairman, with your indulgence, challenge at least somewhat the premises of your question. The reintegration of Greece into NATO is a matter to which we give a high priority. General Haig has been talking with the leaders both of Turkey and Greece. That matter is under negotiation and I hope it will be resolved before General Haig retires at the end of June of this year. I am not here to criticize either country or to indicate there has been a lack of cooperation on the part of either country in working this out but really it is a military problem.

With respect to Cyprus, my strong feeling is that Prime Minister Ecevit has been a positive factor in encouraging Mr. Denktash to reach the agreement that was reached on Nicosia on May 18 and 19. For those reasons, I do want to challenge to some extent the premise of your question, but my basic answer, Mr. Chairman, is that I believe at this time in history it is in our interest to make Turkey one of the few countries in the world to which we give MAP assistance.

Mr. HAMILTON. I want to go into the NATO problem with you a little later, Mr. Christopher, but my time has expired.

Mr. Findley.

U-2 FLIGHT PROBLEM

Mr. FINDLEY. Mr. Secretary, your statement made no reference to the U-2 flight problem. It is a sensitive one and yet I think inevitably it is going to have to be faced as this proposal for aid for Turkey goes through the legislative process. Does the administration view the U-2 flights over Turkey as important for verification in connection with SALT II?

Mr. CHRISTOPHER. Congressman Findley, we have contacted the Turkish Government about such overflights. We would not have done so if we didn't regard them as being important. I don't regard them as being the only available alternatives. I would like to say that the Turkish Government has not refused to permit such overflights nor have they indicated that they intended to give the Soviet Union a veto with respect to those overflights. On the other hand, I would like to also add that this is about as far as I think it is proper for me to go in an open session.

SOVIET CLEARANCE FOR U-2

Mr. FINDLEY. It strikes me as very curious that the Soviet Union, assuming its interest in SALT II, would place any obstacle in the

way of appropriate verification by the United States and, of course, that is what is involved in the U-2 flights. Are we pressing the Soviet Union to give clearance?

Mr. CHRISTOPHER. Congressman Findley, I would like to rest on the statement that the matter is under discussion in appropriate diplomatic channels.

Mr. FINDLEY. Mr. Secretary, let me say, then, that I think our administration ought to be understanding of the Turkish sensitivity on this point. I would like to restate some history with which you are perhaps very familiar. In 1960, the Francis Gary Powers incident involved Turkey intimately. The Eisenhower administration first stated that the U-2 was a research plane; later the United States had to admit that it was a surveillance plane based in Turkey which was on a flight from Pakistan to Norway overflying Soviet territory.

On May 13, 1960, the Soviet Government sent a strongly worded note to the governments of Turkey, Pakistan, and Norway protesting their allowing foreign military aircraft to use their airspace for preparation and execution of intrusions into Soviet airspace. These notes warned all three countries that the Soviet Union would be prepared to take appropriate retaliatory measures if such provocations were repeated. This was a very painful experience for Turkey because, at that time it was suffering a great deal of domestic violence and the Government was on the verge of dissolution. Indeed, a military coup ousted the Turkish civilian government later that month.

I mention this because it seems to me entirely appropriate for our Government to be leaning heavily on Moscow but quite inappropriate for us to be putting pressure on Turkey on this very vital issue. I repeat, our pressure point should be against the Government of the Soviet Union. Would you have any comment on my historical review?

Mr. CHRISTOPHER. Congressman Findley, I have been reminded of that history.

Mr. FINDLEY. Thank you, Mr. Chairman.

Mr. HAMILTON. Mr. Rosenthal.

Mr. ROSENTHAL. Thank you, Mr. Chairman.

Mr. Christopher, Mr. Nimetz, does he still work with you on the Cyprus issue?

Mr. CHRISTOPHER. Yes, sir, he does.

Mr. ROSENTHAL. And he also does the Northern Ireland issue?

Mr. CHRISTOPHER. Mr. Nimetz is the Counselor to the Secretary and he works on a number of special projects. I think both of those matters are ones that he had been involved with from time to time.

ARMS SALE TO NORTHERN IRISH POLICE FORCE

Mr. ROSENTHAL. I just want to digress for a moment.

Are you aware of the sale from an American firm in Connecticut of 3,000 Magnum .357 handguns and 500 automatic rifles to the Northern Irish police force?

Mr. CHRISTOPHER. No, I am not, Congressman.

Mr. ROSENTHAL. Has Mr. Nimetz discussed that with you at all?

Mr. CHRISTOPHER. He has not discussed it with me, no.

CONSIDERATION OF MAP PROGRAM BY HOUSE

Mr. ROSENTHAL. Did you discuss with the Secretary of State the discussion we had last week whereby this committee had been bypassed or subverted in the consideration of the \$50 million MAP assistance?

Mr. CHRISTOPHER. Congressman Rosenthal, the Secretary of State has been out of the country now for about 10 days. I did report to him the testimony I gave and the questions that you asked after the last hearing. I think that your description of the matter is not one that I would associate myself with. I would be glad to go back over that matter if you would give me an opportunity.

Mr. ROSENTHAL. Did you discuss with anybody in the White House the comment that I made that this is the first time I recall any President sending up a military assistance program without having it submitted to the House of Representatives for consideration?

Mr. CHRISTOPHER. I don't believe I discussed with anybody in the White House, but I think that simply is not an accurate indication of what happened, Congressman Rosenthal.

Mr. ROSENTHAL. Why don't you tell us what happened?

Mr. CHRISTOPHER. Well, as you know, we made two requests. The request for \$100 million in economic assistance was in the form of a fiscal year 1979 supplemental request.

Mr. ROSENTHAL. I am not discussing that.

Mr. CHRISTOPHER. All right.

Mr. ROSENTHAL. I didn't mention that at all.

PRESIDENT'S CORRESPONDENCE WITH SPEAKER OF HOUSE

Mr. CHRISTOPHER. Well, the two came together and they are related. The request for \$50 million in MAP was a fiscal year 1980 budget amendment. Now the President sent a letter to the Speaker of the House of Representatives on April 26 informing him of this \$50 million grant MAP request and asking for his support. I mention that because I think it does indicate that there was no effort to avoid this committee or circumvent this committee or otherwise why would the President have sent a letter to the Speaker of the House of Representatives?

Mr. ROSENTHAL. I have no idea. He probably sends a lot of letters on energy, on gas rationing, on a lot of things.

Just so that the record be absolutely clear, this committee did not consider legislative authorization for the \$50 million MAP program; is that correct?

Mr. CHRISTOPHER. That is correct.

HOUSE LEGISLATIVE PROCESS

Mr. ROSENTHAL. We are having a very nice general discussion but of no relevance to the legislative process.

Mr. CHRISTOPHER. The reason that we proceeded in the Senate was because the House had already acted on that particular portion of the legislation.

Mr. ROSENTHAL. As of this minute the House will get no opportunity to vote up or down on the \$50 million; isn't that correct?

Mr. CHRISTOPHER. Congressman, I think the House is able to find a number of ways to express its views on that \$50 million.

INTRODUCTION OF BILLS

Mr. ROSENTHAL. Well, I would be open to suggestions. How?

Mr. CHRISTOPHER. Well, any Member can introduce a bill on that subject. We would welcome——

Mr. ROSENTHAL. Has any Member introduced a bill?

Mr. CHRISTOPHER. Not that I know of. It is open for any Member to do so. We would welcome this committee treating that matter as a part of its report.

Mr. ROSENTHAL. Then how do we vote on it? I am trying to figure out how this committee gets a vote. I mean I have never heard of that procedure before. It is something that will have to be brought to the attention of the House, but I am trying to figure out how.

Mr. CHRISTOPHER. Well, as Congressman Solarz said the last time I testified, there are a number of ways that either you or any other Member of the House can insure that it is considered by the House and indeed by this committee.

NO DELIBERATE INTENTION TO CIRCUMVENT COMMITTEE

Mr. ROSENTHAL. I can file a discharge petition like I did on busing. I have been here 16 years and I have not figured out a precise way to do it.

Mr. CHRISTOPHER. Well, certainly if you were to introduce a bill yourself——

Mr. ROSENTHAL. And then what would happen?

Mr. CHRISTOPHER. It would be considered by the committee, I assume.

Mr. ROSENTHAL. Oh, did Mr. Zablocki say that?

Mr. CHRISTOPHER. I——

Mr. ROSENTHAL. I don't want to waste a lot of time on this. You know this committee has not had a chance to vote on this and will not have a chance to vote on it in the real world.

Mr. CHRISTOPHER. I can only say that we have made no attempt to circumvent the committee. This is the second time I have been here to answer questions and talk about the request. We have presented the request to both Houses of the Congress, have notified the Speaker of the House and the President of the Senate.

Mr. ROSENTHAL. Let me just say do you want to talk about any other requests that are not before the committee?

Mr. CHRISTOPHER. Not that I know of, Mr. Rosenthal, but it seems to me this subject is relevant. That amount has passed the Senate and I am here to answer questions about it and urge your favorable consideration of it at the time it comes before you.

MEETING IN NICOSIA

Mr. ROSENTHAL. Now you spoke of some good news coming from the May 19, May 20, May 21 meeting. I read from the Washington Post on May 22:

NICOSIA, CYPRUS.—Turkish Cypriot leader Rauf Denktash dashed hopes of an early accord with the Greek Cypriots, declaring: "We are 180 degrees apart." The comment came after a weekend meeting with Greek Cypriot President Spyros Kyprianou had triggered speculation that a breakthrough in relations between the communities was at hand.

Are they in fact 180 degrees apart?

Mr. CHRISTOPHER. Mr. Rosenthal, as I said in my statement, it is important to remember that the agreement reached at Nicosia is only a beginning.

RESUMPTION OF INTERCOMMUNAL TALKS

Mr. ROSENTHAL. What was the agreement reached at Nicosia?

Mr. CHRISTOPHER. The agreement reached at Nicosia was to resume intercommunal negotiations.

Mr. ROSENTHAL. What date did they reach that agreement?

Mr. CHRISTOPHER. They will start on the 15th of June.

Mr. ROSENTHAL. And right after that agreement was announced Denktash said, "We are 180 degrees apart"?

AGREEMENT ON AGENDA

Mr. CHRISTOPHER. I think the fact that they reached agreement on an agenda will speak for itself. The agenda in my view was a great accomplishment. I think they have got lots of hard work ahead but we have crossed a major barrier when the parties are sitting down together talking.

Mr. ROSENTHAL. Did you read the Senate debate on this subject?

Mr. CHRISTOPHER. I listened to part of it and I read part of it.

Mr. ROSENTHAL. What comment would you make on the remarks of Senator Eagleton that were made on the floor? He said every year during the past 5 years when the Turkish aid question comes up the Department, whether it is under Mr. Kissinger or under Mr. Vance, comes forward with some momentary good news. Is this the good news you are delivering for this year's Congress?

STATUS OF NEGOTIATIONS ON CYPRUS

Mr. CHRISTOPHER. Congressman Rosenthal, I welcome the agreement reached at Nicosia but the timing of it has nothing to do with the request that has been made by the administration. Indeed the timing was in the hands of Secretary General Waldheim. If I was to try to identify the principal timing factor that influenced that meeting, it was the fact that Secretary General Waldheim is called upon by a U.N. resolution to report back to the U.N. by May 31 the status of negotiations on Cyprus. It was that deadline which caused him in my judgment to have the so-called summit meeting in Nicosia and it was that deadline that was the principal factor in causing the parties to come into agreement.

TURKISH DEFENSE BUDGET

Mr. ROSENTHAL. What part of the Turkish budget is for defense purposes?

Mr. CHRISTOPHER. Mr. Rosenthal, a heavy part, I believe in the range of around 20 percent.

Mr. ROSENTHAL. And during the past 10 or 15 years how much military assistance or military aid has Turkey received from the United States?

Mr. CHRISTOPHER. Well, I would be glad to furnish that figure for the record, I don't have it in my head. It has been a substantial amount.

[The material follows:]

U.S. MILITARY ASSISTANCE TO TURKEY

Since the inception of the Foreign Assistance Act of 1961, Turkey has received about \$2.5 billion in military assistance (through fiscal year 1978). Of this amount, grants, largely through the MAP program, total nearly \$1,950 million. FMS credits, which were initiated in fiscal year 1972, total \$610 million (through fiscal year 1978).

EXPENDITURES FOR TROOPS ON CYPRUS

Mr. ROSENTHAL. Have you discussed with the Turkish Government when you were there the expenditures that they were making on Cyprus were inhibiting their financial situation, inhibiting the improving of their financial situation?

Mr. CHRISTOPHER. I didn't discuss that particular subject. We have looked into that subject as you know. We think that the incremental cost of the maintenance of the troops on Cyprus is relatively low since they are part of the regular Turkish Army. But let me make clear, Mr. Rosenthal, I think there are too many Turkish troops on Cyprus and I look forward to the day when there are no Turkish troops on Cyprus.

Mr. ROSENTHAL. The Department of State has been telling us that for 5 solid years.

Mr. CHRISTOPHER. Well, I can tell you for 21½ years, at least during the time I have been there, we have meant it and I am sure my predecessors meant it, too.

Mr. ROSENTHAL. How can we be sure? Your testimony is exactly the same as the Kissinger State Department testimony. I mean you are very articulate and a very fine person but examining the testimony there is absolutely no difference. Let me just say this and I am trying to be as polite and respectful as I know how, which is not easy, but it is the same old baloney.

COMMUNIQUE REACHED ON CYPRUS

Mr. CHRISTOPHER. Congressman Rosenthal, I would like to point to two aspects in the communique reached on Cyprus which I think bears on that question and ought to have real importance to you. First is paragraph 2 of the 10 points which says that the talks will be held on the basis of not only the Makarios-Denktash guidelines but the U.N. resolutions relevant to the Cyprus question.

Now the U.N. guidelines call for the removal of all Turkish troops, all foreign troops, from Cyprus and I think that is a very substantial advance. Now I think that you have belittled the 10-point agreement.

Mr. ROSENTHAL. I don't belittle it at all.

Mr. CHRISTOPHER. I don't want to exaggerate its importance because I think there is much hard negotiating to be done.

DENKTASH'S COMMENT

Mr. ROSENTHAL. I have a problem with Denktash's comment that says they are 180 degrees apart. I mean there are still in the statutes existing, notwithstanding the three-vote spread that carried the Wright amendment last year, a mandate that there be movement on Cyprus, that there be negotiations, that there be a removal of Turkish troops. Nothing has happened. This Congress is certainly willing to assist Turkey in an economic situation and to take into account their geopolitical/military strategic role but we cannot breach the guidelines that have been established for 5 years by delivering \$50 million military grant assistance and opening the floodgates to the kind of equipment that you and General Allen testified to. It can't be done particularly in light of the fact that either intentionally or not this committee's responsibility was subverted by someone who carried the ball for this legislation.

Mr. CHRISTOPHER. Mr. Rosenthal, there are several points that I want to comment on. I would like to go back to what the legislation actually said last year. It said in section 620(C)(b), paragraph 2, that the United States would give full support to efforts especially by the United Nations to bring about a peaceful settlement on Cyprus. I think the United States has done that. We have been working as hard as we could all year to try to accomplish that, and I think the result of the Nicosia summit which I don't want to exaggerate the importance of but I think is a signal event that carries forward that purpose of the legislation.

I also want to call your attention to another point in the communique and that is point No. 7 which speaks of the demilitarization of the Republic of Cyprus as being envisaged by both of the parties. I think for the parties to have sat down in Nicosia and to have agreed on a communique with those two points is a very substantial achievement in the ultimate removal of foreign troops from Cyprus. I don't know the meaning of a comment by a political leader that they are 180 degrees apart but when they agreed to this communique I think it was a significant instance of the parties which have been having such a great difficulty reaching agreement that they came much closer together.

TURKISH TROOPS STILL ON CYPRUS

Mr. ROSENTHAL. How many Turkish troops are still there?

Mr. CHRISTOPHER. Now that is a subject that you and I discussed last time and I must say it remains an elusive subject. It is hard to determine exactly the number that are on Cyprus. I would say that the figure that is most satisfying to me at the present time is to say some place between 20,000 and 30,000. Initially there were around 40,000. Earlier we discussed the estimate that you referred to last time of between 25,000 and 30,000. Frankly I have never been very satisfied with that estimate because it was arrived at by trying to subtract figures from an overall figure which may have been initially inflated.

Now as I told the committee last time, I had received unconfirmed reports that the amounts had been drawn down. I have not been able to confirm those reports, so I think the most accurate thing I

can say to you is that our best estimate is that there is some place between 20,000 and 30,000 Turkish troops on Cyprus. I hope it will be less.

Mr. ROSENTHAL. Thank you, Mr. Chairman.

Mr. HAMILTON. Mrs. Fenwick.

RELATIONS BETWEEN TURKEY AND GREECE

Mrs. FENWICK. Thank you, Mr. Chairman.

I wonder if you could tell us what your estimate is of the reasons for Turkey's reluctance to move in the directions which seem to us so beneficial to the general peace of the area. Is it primarily a political question at home? Would we have to wait for some change in the relationship of the two parties or the many parties, in other words some shift in the political balance in the country itself? It is hard for us to understand here how it is that they are so slow in the Cyprus situation. Is it something that is deeply felt emotionally in the whole country or is it a purely a political jockeying between the two parties? What is back of it?

Mr. CHRISTOPHER. Well, on the Cyprus question itself, Mrs. Fenwick, that matter has deep roots in both Greece and Turkey. They both have substantial populations on the island and at least in the minds of each country both of their populations on Cyprus have been subjected to gross abuses, so it is highly emotional issue from the standpoint of both countries. I think they both want to work out a situation which their countrymen on Cyprus will be protected from the kind of abuses in the future which they think were visited on them in the past, so I think that any action that is taken on Cyprus is one that has deep emotional roots in both Greece and Turkey.

On the broader question you asked, I think that Turkey has been a strong ally, that they have been cooperative with us under circumstances where their own country is beset by serious economic problems as well as divisive political problems.

CYPRUS HISTORY

Mrs. FENWICK. Was it not a fairly quiet island until Mr. Sampson started trouble?

Mr. CHRISTOPHER. My knowledge of Cyprus history does not go back much before 1960. In the books I have read about the meetings in London in 1960 and thereafter but certainly since that time it has been a very troubled place with a good deal of violence and intersecting factions, intersecting problems. I think one of the major humanitarian problems of our time is to find some way to help those people live together in peace and harmony.

Mrs. FENWICK. So there is actual friction on the ground quite apart from the interference from outside?

FRICTION BETWEEN TWO COMMUNITIES

Mr. CHRISTOPHER. There certainly has been a great deal of friction between the two communities on that island. As you know, there are U.N. Forces which stand between the communities and prevent inter-

communal problems at the present time. There is a growing frustration on the part of the U.N. Forces that are doing that policing duty but what needs to be found is a way through the intercommunal talks, we hope, to enable the two communities to live together in peace and harmony.

Mrs. FENWICK. Thank you.

Thank you, Mr. Chairman.

Mr. HAMILTON. Mr. Winn.

TURKEY'S DOMESTIC PROBLEMS

Mr. WINN. Thank you, Mr. Chairman.

Mr. Christopher, I would like to sort of pick your brain a little bit, if I may, about the domestic problems in Turkey. I just wonder, in your opinion, have the IMF negotiations with the Ecevit government become a political football in Turkey with the opposition? Demirel seems to be criticizing every Ecevit move.

Mr. CHRISTOPHER. Congressman Winn, the IMF in many countries where it goes and makes recommendations asks the party in power to take what are locally very unpopular steps; they are ones that the IMF thinks are essential for a reform of the economy. The IMF has recommended what I might describe in a colloquial way as some very harsh medicine for the Turkish economy. It is probably very good medicine as well. Unfortunately, the opposition in Turkey has not made it easy for the Ecevit government to carry out the reforms that have been recommended by the IMF. It has become a political issue within Turkey.

I met with a number of Turkish parliamentarians, and perhaps you have, too, Congressman Winn, when they came here from the various parties in Turkey and I have urged them from the distance that we have here to recognize their economic problems as being ones that transcended their parties. My own view is that these problems are so severe that they ought not to become a partisan matter. I don't think I have been successful in that endeavor—I wish I could be because it seems to me that Turkey teeters on the brink of a very dangerous economic situation and that the parties ought to pull together to undertake the reforms that have been recommended by the IMF.

IMF RECOMMENDATIONS

Mr. WINN. Other than your efforts have there been other Western efforts to approach the opposition to convince them to tone down their opposition or to be less harsh in their judgment of the IMF effort?

Mr. CHRISTOPHER. Congressman Winn, I don't know whether others have had the same opportunity we have had here to talk to the Turkish parliamentarians. I do know that—

Mr. WINN. The West Germans have.

Mr. CHRISTOPHER. I was just about to say that the West Germans have and I believe they have made the point that this is a matter that should rise above the partisanship. The Chancellor's representative, Mr. Walter Kiep, is one whom I talked to on this subject and I be-

lieve he feels as I do that this matter is so grave for the Turkish economy that the parties ought to find a way to support these reforms.

DEMIREL'S OPPORTUNITY TO U-2 OVERFLIGHTS

Mr. WINN. I won't get into the military significance of the U-2 overflights but going back to the political significance in Turkey, the domestic version has Demirel opposed to the flights under any circumstances publicly.

Mr. CHRISTOPHER. Congressman Winn, my recollection of reading the Turkish press is that he has indicated that under no circumstances should they be authorized.

General Allen, you may have a better recollection of that than I.

General ALLEN. No.

Mr. CHRISTOPHER. I try to follow the Turkish press at least episodically and he has opposed U-2 overflights under any circumstances.

Mr. WINN. Well, if he has, it becomes again a domestic political issue, and, if so, what will the consequences be of that? Would either one of you care to comment?

Mr. CHRISTOPHER. Well, one always treads hesitantly on the domestic political consequences in another country. Ecevit is the Prime Minister, he does still command a following and still does command a majority in the Turkish parliament. I think it is unfortunate that his majority is so narrow because it makes it more difficult for him to deal with issues of the kind that we have been discussing here today.

IMF AND TURKEY

Mr. WINN. Well, whoever is in over there always seems to be on thin ice, they are just barely in or barely out which makes whatever negotiations in the dealings that we have with them very difficult and very touchy. Somewhere we have got to try to get maybe a concerted effort by the Western interests that might pay off. I do know from some meetings with the European Economic Community a few months ago that they have discussed the IMF problems with the West Germans, with the Turkish Government. Whether they have made any headway or not I don't know. Maybe a combined effort if we have not done that might be useful.

Mr. CHRISTOPHER. I think the discussions in the OECD of the multi-lateral package have stressed the importance of Turkey going along with the reforms as a whole. I would want to say, Mr. Winn, that narrow as Mr. Ecevit's margin is, in my conversations with him he has been confident and prepared to step up to the challenges that he is faced with. We deal with a number of governments in Europe that have very narrow margins, and he seems to me to be operating within his margins capably and effectively.

Mr. WINN. Thank you.

Thank you, Mr. Chairman.

Mr. HAMILTON. Mr. Pease.

Mr. PEASE. Mr. Chairman, I have no questions.

Mr. HAMILTON. Mr. Lagomarsino.

SENATE PASSAGE OF ADMINISTRATION REQUEST

Mr. LAGOMARSINO. Thank you, Mr. Chairman.

Mr. Christopher, just to bring myself up to date, the Senate has now passed your request in the form of grant military aid?

Mr. CHRISTOPHER. Yes, \$50 million in grant military aid.

Mr. LAGOMARSINO. The Senate Foreign Relations Committee had previously refused to do that, is that correct?

Mr. CHRISTOPHER. Yes. The Senate Foreign Relations Committee had substituted concessional FMS for the MAP that we requested. That was reversed on the Senate floor.

Mr. LAGOMARSINO. I see. Is it true that Libya has offered Turkey large sums of money if it is willing to integrate itself more closely into the Muslim fold and break relations with Israel?

Mr. CHRISTOPHER. I have seen that speculation but I do not have any solid basis for confirming it. I have only seen that in the press.

Mr. LAGOMARSINO. You have had no discussion with the Turks about it?

TURKEY'S COMMITMENT TO NATO ROLE

Mr. CHRISTOPHER. No, I have not. My discussions with the Turks have regularly been in terms of their full commitment to their NATO role and their determination to remain a strong ally of the United States.

Mr. LAGOMARSINO. Have you heard any indication that they might be reassessing their role with Israel?

Mr. CHRISTOPHER. No. I am searching my mind. I don't believe that has come up in my discussions at all, Mr. Lagomarsino.

TURKISH STABILITY

Mr. LAGOMARSINO. What are the greatest threats to Turkish stability today? Would they be religious, economic, political or all three?

Mr. CHRISTOPHER. I think the greatest threat to the Turkish stability at the present time is economic. Their economy is operating at only 50 percent of capacity. When you use that figure you don't grasp the full significance of the fact that that means half of their factories are operating in a sense. Their inflation rate is very high; it is in excess of 70 percent. Over time the economic situation is bound to have an effect on the morale of the people, an effect upon the attitudes of the younger generation, many of whom are out of work. So I think the major threat to the Turkish government at the present time is an economic one. Now I don't gainsay the importance of the tensions within the country of a religious or political character but Turkey is a democracy, committed, I think, to a democratic future. One of the things that we want to try to help insure, and I think the people of the country are committed to, is that Turkey remain a unified, effective, operating democracy.

DIFFERENCE BETWEEN TURKEY AND IRAN

Mr. LAGOMARSINO. Would you say that what happened in Iran which as I understand it was again a combination of many things but the religious element was certainly a large part of what happened—

would you say that is something that could happen in Turkey or is it not likely to happen?

Mr. CHRISTOPHER. The word "could" is a word that one shies away from somewhat. There are vast differences between Turkey and Iran and I think the most important one is the secular history of Turkey's commitment to a democratic form of government and its commitment to operating in a way that respects religions but does not have the religious factors in control.

I think the problems in Turkey are of a different character than those in Iran and I think the existence of a democracy, the ability to debate the issues, the different role of the military as contrasted to the relationship between the Iranian military and the Shah on the one hand the Turkish military and the Turkish Government on the other are important differences between those countries. So although I am anxious that the United States take these steps to support Turkey both economically and militarily, I would not forecast for it a future of the character of Iran.

Mr. WINN. Thank you.

Mr. HAMILTON. Mr. Quayle.

U-2 REQUEST

Mr. QUAYLE. Thank you, Mr. Chairman.

I wish you would go through for me the chronology of events on the U-2 request. When did we make the request, what was the response by the Turkish Government and what is the official response of the Soviet Union? It has been in the press but I would like to have you go through it for me.

Mr. CHRISTOPHER. Mr. Quayle, I am not able in an open session to tell you more than the following. We have made a request to the Turkish Government and the Turkish Government has not rejected that request.

Mr. QUAYLE. When did we make that request?

Mr. CHRISTOPHER. If we are going to discuss the details of that I would like to ask the indulgence of the chairman to discuss it in a closed session.

Mr. QUAYLE. Well, go ahead and be as vague as you possibly can. I just would like to know. I mean it has been in the papers and everything. Since it has been in the papers I think you could go over it for us now.

Mrs. FENWICK. We discussed it before you came.

Mr. QUAYLE. Pardon?

Mrs. FENWICK. We discussed it before you came.

Mr. QUAYLE. What do you mean?

Mrs. FENWICK. We have gone through this all before at the last meeting and this morning.

Mr. QUAYLE. With the indulgence of the gentlelady from New Jersey, I would appreciate it if he would respond.

Mr. CHRISTOPHER. Mr. Quayle, there have been a number of inaccurate things in the press. It is most difficult to conscientiously deal with an intelligence matter that is being pursued in official channels. There are stories in the press that are inaccurate. There have been some stories that the Soviet Union has turned down their request. There have been other reports both in the press here and in Turkey that the Soviet Union has approved the request.

If I began to discuss those press reports, I would do exactly what I believe I should not do and it would be unwise for me to do so from a security standpoint and that is to discuss this intelligence matter in an open session. So I say to you that a discussion has ensued, that the Turks have not responded negatively, they have not indicated that the Soviet Union would have a veto. Beyond that I think it would be inappropriate for me to discuss the matter in an open session.

NO LINKAGE BETWEEN MAP AND U-2 REQUEST

Mr. QUAYLE. Was the request made to Turkey before or after the request for the Senate to go ahead with the military assistance program?

Mr. CHRISTOPHER. Before.

Mr. QUAYLE. The request was made before?

Mr. CHRISTOPHER. Yes. My best recollection is that the request was made before.

Mr. QUAYLE. What I am getting at is obviously the question of linkage, if this is the case, of the \$50 million; that it is maybe indirectly implied that if they would go along with the U-2 request, we would go along with the additional moneys.

Mr. CHRISTOPHER. I am glad to say again, Mr. Quayle, what I said perhaps before you came in, that neither we nor the Turks have linked the \$50 million in MAP to the U-2 flights or to the maintenance of our four bases in Turkey or to any other specific matter of cooperation between the two countries. We have not done so and the Turks have not done so.

RISING TERRORISM IN TURKEY

Mr. QUAYLE. Mr. Christopher, a constituent of mine whose company does business in Turkey was recently apprised that they should beef up their security over there because of the rising risk of terrorism. Do you foresee more terrorism in this; perhaps greater political instability in Turkey? I presume he was advised by the State Department or people here. He didn't tell me exactly who told him that.

Mr. CHRISTOPHER. That question is, I think, vague enough so that it is not easy for me to respond. Let me say that there are problems of terrorism in Turkey and I think those in that country, as in many other countries, are well advised to take precautions with respect to terrorism.

Mr. QUAYLE. Is terrorism more of a risk today than say a year ago?

Mr. CHRISTOPHER. Yes. I think simply the record of incidents will show that there were more terrorist incidents in Turkey during the last 12 months than in the preceding 12 months.

Mr. QUAYLE. Thank you, Mr. Chairman.

Mr. HAMILTON. Mr. Derwinski.

INTERFERENCE BY TURKEY OF U.S. MAIL

Mr. DERWINSKI. General Allen, I have a question for you. Some time back there was, if I recall, an interference by the Turkish Gov-

ernment with U.S. military mail service. Do I assume that that is no longer the case, that we do not have any problems insofar as the normal mail service expected by our men stationed here?

General ALLEN. Yes, sir. There were difficulties during the embargo and during that time there was an action by the Turks which amounted to a very rigorous interpretation of the rules and to my knowledge that is straightened out now.

RELATIONS BETWEEN U.S. MILITARY AND TURKEY'S MILITARY

Mr. DERWINSKI. What is the present status in what we generally call military cooperation? I am talking about all the courtesies and relations between our military and the Turkish military.

General ALLEN. At the military-to-military level, sir, it is very good. Our relationships are close and intimate and it is of interest to note that there is a very sincere dedication toward the NATO mission on the part of those senior Turkish officers with whom we work, and they strongly desire to be capable of fulfilling their obligations. They work closely and very constructively with us. Only a few weeks ago the chiefs of the air staff of both the Turkish air force and the Hellenic air force were my guests in this country touring installations, looking at our methods of training and maintenance, sharing views on constructive approaches to improving our contributions in NATO.

NUMBER OF TURKISH TROOPS ON CYPRUS

Mr. DERWINSKI. I have one more question, I don't know who will tackle it.

Secretary Christopher, in answer to a question posed by Mr. Rosenthal, you stated that to the best of your knowledge the Turks had between 20,000 and 30,000 men on Cyprus. Now it seems to me—given the relative availability of surveillance there, the fact that there is not jungle cover where you could hide troops, the fact that the Greek Cypriots, I am sure, would be most anxious to identify where the Turks are located—that we ought to have a much more accurate figure than something as vague as between “20,000 and 30,000.” I am wondering why, first, we don't have a more accurate figure. Could you dissent from your statement of 20,000 and 30,000 and give us a better figure?

Mr. CHRISTOPHER. As I said, Mr. Derwinski, I have been somewhat dissatisfied with the figures perhaps for the same reason that you are dissatisfied. The figures that we have are derived from partial data of troop departures which are then subtracted from a base of the initial 40,000 which were there and that 40,000 figure is itself in some doubt. I was given a lower figure on a basis that seemed to me to have some validity to it but we have not been able to confirm it and it is some frustration to me that the closest range I can give to you at the present time and that our officials can give is between 20,000 and 30,000. I am hoping that I will be able to furnish to this committee and the Congress a more precise figure than that and I am hoping they will be removing troops.

CONTACTS WITH OPPOSITION

Mr. DERWINSKI. Mr. Winn asked the question on which I am not sure I followed your response. He asked about the views of Mr. Demirel and the opposition party. You stated, among other things, that you kept up to date with Turkish newspaper reports to get Mr. Demirel's views. Don't we have in Turkey the standard State Department procedure of diplomats keeping in touch with the opposition party and knowing what their views are and would you not have more reliable reports from the field than you might get from press speculation or press exaggeration?

Mr. CHRISTOPHER. Mr. Derwinski, that certainly is correct. Our Embassy there stays in touch not only with the party in power but the opposition party. I was simply drawing on the only memory that I have of the position taken by Mr. Demirel and that was that he was opposed to the U-2 flights. I don't recall any Embassy reporting on that subject. I will be glad to furnish that to the committee when we can get some more specific information on that. I have a natural disinclination to delve too far into Turkish politics. At an earlier time when he was Prime Minister, we worked with Mr. Demirel and it is always somewhat precarious at this distance to comment on Turkish partisan politics.

Mr. DERWINSKI. I was interested in whether Mr. Demirel and his party take a distinctive critical position of every policy move by Mr. Ecevit, or do they occasionally have Vandenburgs in foreign policy, the way we do?

Mr. CHRISTOPHER. Well, I would certainly say there are some issues on which they cooperate. For example, their membership in NATO is a bipartisan matter within Turkey and their cooperation on defense matters is generally a bipartisan matter. I hope they will extend that into some of the other grave problems that face their nation.

Mr. DERWINSKI. Thank you.

Thank you, Mr. Chairman.

I want you to know, Mr. Chairman, that I think you have been very helpful in having this meeting and I want the members to know that I not only came to hear Secretary Christopher and General Allen but also to hear from the de facto Secretary of State, Mr. Solarz, and he will proceed at this point.

Mr. HAMILTON. Mr. Solarz.

TURKEY'S BLOCKAGE OF GREECE'S REENTRY INTO NATO

Mr. SOLARZ. Thank you, Mr. Chairman.

I truly hope I win the next election because, if I should lose, Mr. Derwinski won't have me to kick around any more and that would be a real tragedy for the House.

I just have a few questions and I hope you will forgive me if I go over some ground that was covered before I got here.

Mr. Secretary, what is your response to the allegations that have been made that Turkey is in effect preventing or vetoing the reentry of Greece into NATO?

Mr. CHRISTOPHER. In the spirit of Mr. Derwinski, I am not sure I ought to be—I ought to be listening, not responding.

On that subject, Congressman, I think the best description of the situation is that General Haig in the last month of his service as NATO commander is working with both Greece and Turkey to work out a satisfactory basis for the reentry of Greece into NATO. It is a mutual aim of both countries that Greece return as it is the goal of all the members of NATO. I think it would be inaccurate to characterize any party as blocking the reentry of Greece into NATO and I hope that it will be worked out before General Haig leaves.

TURKEY'S INDICATION TO HAVE GREECE AS PART OF NATO ALLIANCE

Mr. SOLARZ. Have the Turks indicated that they would like Greece to become a part of the NATO Alliance again?

Mr. CHRISTOPHER. Absolutely. They recognize the importance of it to their own security.

Mr. SOLARZ. So the only questions that have to be resolved are the terms on which they reenter?

Mr. CHRISTOPHER. Yes; and they are basically military questions as to how the patrols will be conducted in the Aegean Sea and who will be responsible for what sector initially.

Perhaps General Allen could add to that.

General ALLEN. It is the boundaries of command and the boundaries of air control that cause the disagreements.

GENERAL HAIG'S PROPOSAL

Mr. SOLARZ. I was under the impression that General Haig has come forward with a proposal which has been more or less accepted by the Turks and is now being considered by the Greeks. Is that an incorrect statement?

General ALLEN. That cycle has been gone through at least twice. That is my understanding. One set of proposals was worked out with the Greeks, discussed with the Turks, then there was a set of negotiations with the Turks, and then General Haig discussed the proposals again with the Greeks. I think the expectation is that those are converging.

Mr. SOLARZ. I want to know where we are right now. Is there a proposal that has been put forward by General Haig which has been accepted by the Turks?

Mr. CHRISTOPHER. Mr. Solarz, the matters are going back and forth between the two parties and I think that it would be giving an inaccurate picture to characterize the proposals as having been accepted by one side or the other. I think General Allen is correct when he says the matters seem to be converging and I hope they will complete the convergence.

TURKISH POPULATION ON ISLAND

Mr. SOLARZ. We had testimony after you left the previous hearing from one of the other witnesses to the effect that, since the invasion of Cyprus, the Turks have sent about 25,000 Turkish colonizers to the island who were in the process of colonizing at least the Turkish sector of the island. Is there any truth to those allegations? Do you have any information about that? Have Turkish citizens been transferred,

civilians been transferred, to Cyprus and are they now living there permanently?

Mr. CHRISTOPHER. I am sure that some Turks have moved to the island but certainly not anything like the range that you mention and I would like to have a chance to correct this for the record but I do not think there has been a substantial increase in the Turkish population on the island.

Mr. SOLARZ. Are you aware of any overt conscious effort on the part of the Turkish Government to move Turkish civilians to Cyprus?

Mr. CHRISTOPHER. I am not.

Mr. SOLARZ. So your impression is that that has not happened.

Mr. CHRISTOPHER. Yes; my impression is that it has not happened but I certainly would not want to be heard to say that there were no Turks who had moved in the normal course of events to the island and taken up residence there and conducted their businesses.

Mr. SOLARZ. Do you know how many? Is it hundreds, thousands?

Mr. CHRISTOPHER. Let me ask one of my colleagues, Mr. Solarz.

Mr. Dillery who was our Deputy Chief of Mission in Cyprus before returning to the State Department tells me that in the early days there was some substantial resettlement but that in the last 2 or 3 years there has been no substantial movement from Turkey to Cyprus.

Mr. SOLARZ. How many have moved since 1974? How many Turkish civilians moved from Turkey to Cyprus in 1974?

STATEMENT OF C. EDWARD DILLERY, DEPUTY DIRECTOR, OFFICE OF SOUTHERN EUROPEAN AFFAIRS, DEPARTMENT OF STATE

Mr. DILLERY. That is one of those difficult questions to answer because it would take a census but our estimate was that it was somewhere in the range of 20,000. Recent information from people on the ground, other residents, was that a number of those who came in the 1974-75 period were leaving the 1976-77 period.

Mr. SOLARZ. But there has not been any significant movement in the last few years?

Mr. DILLERY. Not certainly since 1975, early 1976.

U-2 SITUATION

Mr. SOLARZ. You indicated a reluctance to speak in public testimony on the U-2 situation. I would like to ask, was it your public testimony that the Turkish Government has said to us that they are not giving a veto, as it were, to the Soviet Union over their willingness to permit us to overfly Turkish territory with U-2's for the purpose of verifying SALT?

Mr. CHRISTOPHER. It was my public testimony that we have talked to the Turks about this issue, that they have not refused permission at this point and that they have not given a veto to the Soviet Union but that the conversations continue.

Mr. SOLARZ. But they have indicated to us that their willingness to approve this is not solely contingent on securing the approval of the Soviet Union?

Mr. CHRISTOPHER. They desire to be cooperative and the conversations go on.

SIGNIFICANCE OF DENKTASH-KYPRIANOU TALKS

Mr. SOLARZ. Now, Mr. Rosenthal expressed some skepticism about the significance of the Denktash-Kyprianou agreement and he referred to the statement by Mr. Denktash that they were 180 degrees apart. For the purpose of helping us to evaluate the significance of this agreement could you possibly compare it to the negotiations which are about to begin between Israel and Egypt concerning the autonomy arrangements for the West Bank and Gaza? I suppose one could say both sides begin the negotiations 180 degrees apart, but I gather the feeling of our Government has been that, nonetheless, the fact that these negotiations are taking place is a significant political development. Is it possible to compare one to the other in that kind of a context?

Mr. CHRISTOPHER. Well, I think they are both very difficult negotiations but the significance in each case is that the parties are sitting down and talking in an atmosphere of good will and with a goal of achieving a result that will bring peaceful conditions to the area. I myself find a good deal of encouragement from the 10 points that were agreed to by the two parties. I think Secretary General Waldheim produced an almost miraculous result in getting the parties in that short 2 days to agree to the 10-point communique as well as to resume negotiations. Now that does not answer all the questions but the paragraph on Varosha is very encouraging. The paragraph with respect to the acceptance of the Denktash-Makarios guidelines as well as the U.N. resolutions is encouraging. The fact that they are going to have continuing, sustained talks so as to avoid an early breakdown is perhaps the most encouraging aspect of all.

Mr. SOLARZ. When are those talks supposed to commence?

Mr. CHRISTOPHER. They are supposed to commence and they will commence on June 15.

Mr. SOLARZ. In Nicosia?

Mr. CHRISTOPHER. In Nicosia, and that is a very important point as you recognize, Mr. Solarz.

AGENDA FOR TALKS

Mr. SOLARZ. In what way do these 10 points differ from the Makarios-Denktash guidelines of 1977 and the American-British-Canadian proposals of last year, as well as from Waldheim's proposed agenda in 1977? Are there any significant differences?

Mr. CHRISTOPHER. Well, generally speaking, Mr. Solarz, what was agreed to in Nicosia on the 19th of May was an agenda for future talks whereas the paper that we drafted last fall, the so-called United States-Canadian guidelines, sought to deal substantively with a number of the problems. It also differs from some of the earlier documents in that it deals specifically with the Varosha matter which I think is a very important step forward.

REFUGEES IN VAROSHA

Mr. SOLARZ. As I understand these guidelines, Varosha is supposed to be a priority matter in the negotiations and the two sides are sup-

posed to work out an agreement on Varosha even before they reach agreement on other issues?

Mr. CHRISTOPHER. Yes; and the parties agree that that agreement can be implemented before a discussion of the other aspects takes place.

Mr. SOLARZ. How many refugees could be absorbed by Varosha?

Mr. CHRISTOPHER. Well, the number that has been used by the Turkish Cypriots in the past has been as many as 35,000. We would hope that they can begin to be resettled incrementally at a very early stage.

EFFECT OF CONGRESSIONAL REJECTION

Mr. SOLARZ. One final question. What would be the political and military consequences if the Congress were to reject this request of \$50 million in grant military assistance in terms of our relationship with Turkey, our interests in the eastern Mediterranean, and Turkey's ability to fulfill its obligations to NATO?

Mr. CHRISTOPHER. Mr. Solarz, I want to be not too draconian about the answer to that question. The Turks are strong friends of ours and they are good allies and I don't think that the character of the relationship is going to be dramatically changed by the way Congress acts on this. I think it is very important, it is urgent that Congress does make this grant. I think it will improve the cooperation between the countries, it will make it easier to have a new defense cooperation agreement, it will arrest the deterioration of the Turkish military but I would not want to say to you that I think that the Turkish Government will turn their back on us if Congress for some reason does not do this. I think it is strongly in our national security interest that Congress does it but I think the friendship between the two countries is so deep rooted that we will find a way for it to continue. That does not in any way detract from my testimony about the urgent importance of Congress doing this in our own self-interest as well as in the interest of encouraging the Turks.

Mr. SOLARZ. Thank you very much, Mr. Chairman.

CONFIRMATION ON TROOP LEVELS IN CYPRUS

Mr. HAMILTON. Mr. Christopher, when will you have the confirmation on the troop levels in Cyprus?

Mr. CHRISTOPHER. I can't give you a specific date on that, Mr. Hamilton. We will continue to see if we cannot get more accurate data on that.

Mr. HAMILTON. That could become an important matter for us soon and I would appreciate it if you would do all that you can to get as accurate information as you possibly can as soon as you can.

Mr. CHRISTOPHER. I think your asking for it will help us get it.

IMPORTANCE OF AGREEMENT BETWEEN IMF AND TURKEY

Mr. HAMILTON. You mentioned as one of the favorable developments the meeting yesterday in Paris, in which several nations pledged \$1.45 million in emergency financial assistance to Turkey. I read an article in the paper this morning on that meeting. One of the things that was not clear from this article is the relationship between that

pledge and the demands of the IMF on Turkey. Could you clarify that for us?

Mr. CHRISTOPHER. Mr. Chairman, it has been clear from the outset that that multilateral endeavor was being undertaken in the context of the IMF-Turkey agreement and that that program will not go forward unless there is an agreement between the IMF and Turkey. So that the record is not cloudy on this point, it is conceivable that some portion of some countries' contribution might go forward if it is indicated that the negotiations between the IMF and Turkey are making good progress or are proceeding in good faith. That is not true of the United States' contribution.

MAGNITUDE OF LOANS AND TAX CREDITS

Mr. HAMILTON. All right. The paper reports the outlines of that agreement, and I just want to run through some of the figures with you and see if they approximate your understanding of the arrangement. \$661 million in emergency loans to carry low-interest rates and long-repayment periods. The United States and West Germany are the two largest contributors, the United States offering \$198 million and Germany \$200 million, respectively. Is that approximately correct?

Mr. CHRISTOPHER. It is certainly correct with respect to the United States and Germany. The communique itself indicated that the OECD countries had come up with approximately \$900 million in pledges at the pledging conference yesterday. That figure is made up of loans but also some trade credits and perhaps that would reconcile the \$661 million versus the \$900 million.

Mr. HAMILTON. That is correct.

If I may go further, the paper reports \$245 million in special trade credits to finance Turkish imports, \$150 million from the International Bank for Reconstruction and Development, \$400 million in commercial credits from 34 banks, including CitiBank.

Mr. CHRISTOPHER. Those figures are consistent with what we know, Mr. Chairman.

U-2 FLIGHTS

Mr. HAMILTON. All right. I am aware of your hesitancy to talk about this U-2 flight business. I gathered that from a few of your observations this morning. I would like you to comment on a couple of questions, however—or do you feel that you cannot comment?

The paper has reported that our Ambassador in Moscow, Mr. Toon, has been in touch with the Soviets with regard to this problem. My question is: Is that where the action is at the moment on this U-2 flight or is it a matter between us and Turkey?

Mr. CHRISTOPHER. Mr. Chairman, the matter is being pursued in diplomatic channels and I would not want to limit it to one channel or the other channel. On this subject there has been a good deal of misinformation in the press about where it is being pursued and what results have been achieved. As I have said earlier, that is particularly difficult to handle because if you get into correcting stories, which one normally might try to do, one is obviously breaching intelligence matters in a way that would be inappropriate.

Mr. HAMILTON. Can you give us some idea of when this matter might be resolved?

Mr. CHRISTOPHER. Soon, I hope, but I could not give you a deadline.

Mr. HAMILTON. Do you think it might be resolved in Vienna at the summit meeting?

Mr. CHRISTOPHER. One of the things I would not want to do. Mr. Chairman, is to comment on the proposed agenda or possible summit topics.

Mr. HAMILTON. Is it accurate to say at this point that the Soviets object to these U-2 flights over Turkey?

Mr. CHRISTOPHER. I would not want to characterize the Soviet response. The matter is still being discussed.

Mr. HAMILTON. Is it accurate to say that Mr. Ecevit wants an agreement from the Soviet Union that the U-2 flights are acceptable to them?

Mr. CHRISTOPHER. Once again, Mr. Chairman, and with some apologies to you because I really have so much respect for you, I would like to be more candid than I am seeming to be. I really do not want to characterize the Turkish attitude at the present time.

Mr. HAMILTON. Well, I think you appreciate the feeling I have which is that the public record, as it now stands, is quite unsatisfactory and I take it you feel that way, too, in light of your comments about the inaccuracy of the reports. I want, as much as we possibly can, to get the matter on the public record but I recognize the constraints under which you operate and it may be of some relief to you that I move to another topic.

FORMAT OF TALKS

Now, these talks on Cyprus, could you tell us what the format of those talks will be, what the U.N. position will be, what the U.S. position will be?

Mr. CHRISTOPHER. I talked to Secretary General Waldheim not only to congratulate him but to explore the precise subject that you have asked about here. He said that he expected Mr. Denktash and President Kyprianou to appoint responsible, experienced negotiators to represent each of them, that he was naming Ambassador Perez De Cuellar as his representative at the negotiations, that he expected them to commence on June 15 in Nicosia and to be substantially continuous but he was going to follow them very closely himself, that obviously he could not be there continuously but that he was not by any means abandoning his own interest. He expects them to take up Varosha as a priority topic and I think all the parties understand the significance of that. He has urged the parties in this interim period not to make statements that would make the negotiations more difficult. He believes it is a great advantage that they will take place in Nicosia rather than Vienna because the negotiators can return to their principals in just a half hour or an hour and get new instructions. He does not underestimate the problems. He thinks there is a great opportunity to move forward at the present time.

Now perhaps you have a specific question.

U.S. ROLE IN NEGOTIATIONS

Mr. HAMILTON. What about the U.S. role? Where will we be? What will our role be?

Mr. CHRISTOPHER. Well, the U.S. role will be to be helpful and constructive with the parties in every way that we can. As I have told this committee before, we have been encouraged by all four of the parties interested. By that I mean Greece and Turkey and the Greek Cypriots and the Turkish Cypriots. We will continue to participate primarily through the United Nations. We will work through our Embassies in Athens and in Ankara and in Nicosia to try to be helpful to the parties. There may come a point where some of the suggestions from our paper of last November will once again be useful to the parties in trying to solve some of the difficult constitutional problems. What I am trying to say, Mr. Chairman, I think without intruding and certainly not wanting to set back the negotiations in any way we will be helpful to the parties. We will be observing the negotiations and standing by to lend our good offices if we can be helpful and not hurtful.

Mr. HAMILTON. Will we have negotiators on the scene or American diplomats?

Mr. CHRISTOPHER. We have an Embassy in Nicosia with an experienced Foreign Service officer or Ambassador and we have over time insured that our political officers in Nicosia were very current on the negotiations. Should it seem desirable we could have people go from here to Cyprus to lend their help in the negotiations. We give it a very high priority.

LEVEL OF TALKS

Mr. HAMILTON. At what level are the talks taking place?

Mr. CHRISTOPHER. Neither the Turkish Cypriots nor the Greek Cypriots have named their negotiators yet. Secretary General Waldheim has encouraged them to name experienced people at a responsible level and he has brought back into the U.N. service Ambassador Perez De Cuellar who is knowledgeable about this problem and I think has the confidence of both sides. He is a former Deputy Foreign Minister of Peru.

PRISONER EXCHANGE TREATY

Mr. HAMILTON. Can you tell us the status of the prisoner exchange treaty with Turkey which, as I understand it, has been initialed but not signed; is that correct?

Mr. CHRISTOPHER. Yes. The last thing I heard was that there is only one, and perhaps two, of the Turkish Ministers still to sign the prisoner exchange treaty. They have a rule or custom that each of the Ministers must authorize the signing of a treaty, and I expect it has been signed, or will be signed within a few days; and, once again, your asking about it will be an assistance in making sure that it does get signed.

Mr. HAMILTON. Mrs. Fenwick.

COST OF MAINTAINING TURKISH TROOPS

Mrs. FENWICK. Thank you, Mr. Chairman.

I wondered about the expense of keeping those troops, however many there may be, 20,000 to 30,000, on Cyprus. Has this been a heavy expense for the Turkish Government at a time of great economic difficulty—could you comment on that?

I think you said that 20 percent of their budget went to military matters. What proportion might be devoted to the Cyprus situation?

General ALLEN. Mr. Christopher commented earlier on this point, and I have no additional data to add.

The point which you made, which is also confirmed by us on the military side, is that those troops which are on Cyprus are part of their military establishment, not in addition to it, and, therefore, the incremental cost of them being berthed in Cyprus instead of in Turkey is judged to be small and not a significant additional burden on them. This is not saying that we endorse their being there. We don't believe it is a significant burden on the Turkish Government.

Mrs. FENWICK. Would it not be an extra expense just to keep them furnished? They have to have ships going there and military equipment.

General ALLEN. It is some extra expense, yes.

Mrs. FENWICK. But you have no idea how much it might be?

General ALLEN. Our judgment is, it is not large in terms of the expense.

PRISONER EXCHANGE TREATY SIGNED

Mr. CHRISTOPHER. Mrs. Fenwick, I was pressed on this question in another body and I was asked to estimate to the closest \$10 million, and I said I felt \$10 million would be the closest; it is not a large figure.

If I can, on your time, say that I have now been informed, Mr. Chairman, that all the Turkish Ministers have now signed the authorization to sign the prisoner exchange treaty, so that will soon be ready for submission to our Senate as well as to their ratification process.

Mr. HAMILTON. Thank you.

Mrs. FENWICK. So, we can expect the early return of those two women who have been there since 1972, I think.

Mr. CHRISTOPHER. I wish that I could be confident that that would happen, but the ratification process in both Governments stands ahead of us. We will certainly press the Senate to take the matter up at an early time, and I hope that it will not be controversial.

Mrs. FENWICK. Mr. Christopher, does it have to be an exchange?

Mr. CHRISTOPHER. It is not an exchange. The treaty provides that they can serve their sentences in the United States. "Exchange" is really a misnomer; it is a misleading description.

Mrs. FENWICK. Thank you.

Mr. HAMILTON. Mr. Solarz.

POPULATION OF CYPRIOTS

Mr. SOLARZ. Mr. Christopher, what is the population of the Turkish and Greek Cypriots of the island?

Mr. CHRISTOPHER. I will have to call on Mr. Dillery for that.

Mr. DILLERY. Again, a rough estimate, we believe that the total is somewhat over 600,000, maybe 650,000—very roughly, some 500,000-plus Greek Cypriots and some 100,000-plus Turkish Cypriots.

FMS LOAN AS OPPOSED TO A GRANT

Mr. SOLARZ. Mr. Christopher, what would be the political consequences of providing the \$50 million in military assistance to Turkey in the form of an FMS loan, as distinguished from a grant? Would this vitiate the political purposes of providing the assistance in the first place?

Mr. CHRISTOPHER. I think in the present setting, Mr. Solarz, there would be adverse political consequences if the grant funds were not provided.

I think the political leaders of Turkey would regard the United States as not having taken a step that would be very useful. From a military standpoint, they would be disappointed, as I have pointed out to this committee before, that for various reasons going back to the days of the embargo, the Turkish military feels somewhat disappointed with the United States.

TURKISH DISAPPOINTMENT WITH UNITED STATES

The pipeline that they expected to be reopened after the lifting of the embargo has produced only about half as much as they expected.

The foreign military sales credits which we have been able to make available to them are so costly to the Government, building up new repayment obligations, so I think there would be, especially in the present state of the relationship quite a disappointment if the \$50 million were not made available.

Mr. SOLARZ. Why did the pipeline produce only half of what they expected?

Mr. CHRISTOPHER. That really is the function of the passage of time. When you have a military relationship with a country and then impose an embargo, a number of things happen that are not easy to calculate in advance or indeed at the time the embargo is lifted.

What had happened, Mr. Solarz, was that a number of items that had been in the pipeline were obsolete or were not any longer on the shelf.

General, you may have a better answer than I to that.

MATCHING OF ABILITIES AND EXPECTATIONS

General ALLEN. Well, that is true. The expectations of the Turks have for some years exceeded our real ability to help them, and that continues to be the case.

One of the things that is important to maintaining a good, constructive relationship is, of course, that we create a balance between what we can do and their expectations.

Mr. SOLARZ. I was under the impression when people referred to the "pipeline" that they referred to military equipment which had al-

ready been contracted for but which could not be obtained by virtue of the embargo. That implies there was a specific amount of equipment.

Now you say they only got half of what they expected, which suggests that there were things in the pipeline that they somehow or other didn't end up getting. Why is that?

General ALLEN. I think we probably have backup people who could reconstruct all those events. There were a number of cases where the Turks had believed, erroneously, that there was more in that pipeline than was actually there. There was equipment which, in the course of time, was simply no longer available and which they had expected to receive.

Mr. SOLARZ. Could you provide for the record a list of what was in the pipeline, what the Turks thought was in the pipeline, and what turned out not to be in the pipeline because it simply was not available any longer?

General ALLEN. Yes.

Mr. CHRISTOPHER. We will do our best on that, Mr. Solarz. I have looked into that question and I find that neither their records nor ours are as good as you would expect them to be. It was thought that there would be \$78 or \$80 million in the pipeline, and it has turned out that only 50 to 60 percent of that has been furnished up to this point.

Mr. SOLARZ. When you talk about \$70 to \$80 million in the pipeline, do you mean they actually paid for \$80 million worth of equipment and then it turned out they didn't get equipment they paid for?

Mr. CHRISTOPHER. No; this was equipment that was on order but not yet been paid for but they thought they would be able to get when the embargo was removed.

Mr. SOLARZ. On a commercial basis?

Mr. CHRISTOPHER. That is correct.

Mr. SOLARZ. I was under the impression that the equipment in the pipeline was grant assistance.

Mr. CHRISTOPHER. Yes, my colleague just tells me, it was grant.

Mr. SOLARZ. Presumably, we had agreed to give this to them prior to the embargo; is that correct?

Mr. CHRISTOPHER. Yes.

Mr. SOLARZ. Then the embargo stopped it?

Mr. CHRISTOPHER. Right.

Mr. SOLARZ. Well, we don't know what we agreed to give them?

MAP PIPELINE

Mr. CHRISTOPHER. Well, we will furnish more accurate information for the record. I just don't want to get your expectations up too high on this.

I tried to look into this subject when I was most recently in Turkey and I find that both their records and ours were not in as good shape as they might have been on the subject; but we will do the best we can.

Mr. SOLARZ. If you could get it to us before we get this up on the floor, I think it would be helpful.

Mr. CHRISTOPHER. Yes.

Mr. SOLARZ. Thank you.

[The information follows:]

TURKISH PIPELINE

Column A of the following table shows the undelivered military assistance program materiel and services for Turkey by category and dollar amount as of 30 June 1978. This list was provided to the Turkish Government shortly after the end of the embargo. Where (excess) is indicated, the materiel was to be provided at no cost. Where both a program value and (excess) are indicated, the program value is the cost of rehabilitation for the item.

Column B lists the portion of Column A for which funds were reported unobligated at the end of fiscal year 1978. Those funds were withdrawn from the Turkey program, and supply actions for these programs were held in abeyance until the passage of the Supplemental Appropriation Act of 1979 (Public Law 96-38, 25 July 1979). This column constitutes virtually all of the dollar value of military assistance that the Turkish Government expected, and was not certain it would receive.

In addition, certain equipment that the Turkish Government had expected to receive from excess stocks at no cost, but had not received prior to the embargo, was not available as excess after the embargo. The major item in this category are 54 M48A tank; 15,168 machine guns; 51 wheeled vehicles; and 390 engineer items.

	Undelivered balance as of June 30, 1978 (A)	Unobligated balance as of Sept. 30, 1978 (B)
Combat aircraft.....	\$49,872	\$48,872
Helicopters.....	910,397	
Aircraft modifications.....	2,641,009	2,641,009
Aircraft support equipment.....	2,134,250	1,459,513
Aircraft spares and spare parts.....	3,951,722	3,337,877
Ground-launched missiles.....	5,916,073	
Missile spares and spare parts.....	349,572	
Warships.....	999,933	999,933
Ships support equipment.....	220,381	248,250
Ships spares and spare parts.....	170,767	367,343
Armored carriers.....	2,425,192	
Self-propelled artillery.....	208,011	
Semitrailers.....	0	
Trailers.....	563	
Trucks.....	745	
Weapons up to 75 mm.....	0	
Artillery 75 mm and over.....	181,159	
Naval ordnance.....	31,468	30,625
Other weapons.....	425,440	12,404
Weapons spares and accessories.....	1,351,886	
Ammunition and grenades.....	0	
Naval ordnance ammunition.....	163,608	77,255
Bombs and rockets.....	1,624,213	300,000
Telephone and telegraph equipment.....	51,983	
Radio communication equipment.....	12,474,821	2,076
Radio navigation equipment.....	160,000	
Radar equipment.....	338,312	
Other communication equipment.....	19,219,030	162,888
Communication equipment spares.....	2,212,164	241,876
Construction equipment.....	0	
Photographic equipment.....	70,788	70,788
Training aids and devices.....	483,065	46,000
Other equipment.....	3,479,529	303,600
Other support equipment.....	409,584	
Medical supplies.....	4,240	
Human substance supplies.....	250	250
General supplies.....	47,499	44,995
Industrial supplies.....	2,945	37
Fuel oils and chemicals.....	217	
Construction supplies.....	80,987	78,996
Automotive supplies.....	2,506,795	15,068
Technical support.....	634,268	276,789
Repair and rehabilitation.....	3,380,680	635,330
Ship transfer costs.....	172,778	201,313
Total.....	69,386,196	11,837,087

¹ Excess.

² Because of delays and errors in delivery and financial reporting, actual unobligated amounts for these categories exceed the amounts reported as undelivered. These errors have since been corrected.

REDUCTION OF AID

Mr. CHRISTOPHER. One other comment I think I should make to you, Mr. Solarz, is that the 4-year cooperation agreement which we decided not to go ahead with at the time of the lifting of the embargo provided for an average of \$50 million grant per year for 4 years. The Turkish military, I think, understood why we wanted to switch to an annual basis, but one of the things we found it hard to explain was why in changing to an annual basis we would reduce the amount that they were going to get annually over the 4 years.

IMPORTANCE OF U-2 OVERFLIGHTS

Mr. SOLARZ. Mr. Secretary, one last question, which has to do with these U-2's.

Frankly, I have been told that you have made conflicting statements under different circumstances about the importance of these U-2 overflights in terms of our ability to verify a SALT agreement. When we had our last hearing, my impression was that you had testified that while such flights would be helpful to provide useful information, they were not absolutely essential in order to give us the kind of capability we would need in our ability to verify the SALT treaty with the Soviet Union.

Others have said to me that in other circumstances, you had indicated that in fact these overflights were essential if we were going to be able to verify SALT.

Can you indicate today to what extent our ability to overfly Turkey with U-2's is absolutely essential, given the availability of other means of verification, to verify adequately a SALT agreement?

Mr. CHRISTOPHER. Mr. Solarz, I think your initial characterization was correct. They are very important, but I would not want to say that we would not be able to verify the SALT agreement without them. Intelligence comes from a great many sources and when you lose one source you find that you can provide alternative means.

It would be highly desirable if we were able to conduct these overflights but I would not say that we cannot compensate for them in some way if we find that we cannot do so.

Mr. SOLARZ. Can we compensate in other ways?

Mr. CHRISTOPHER. I believe we will find that we can compensate for this information in other ways, but I would say that this is a highly desirable way of doing so.

General Allen, you may want to comment.

ALTERNATIVES TO U-2 FLIGHTS

General ALLEN. There are alternatives. This is a desirable alternative; it is one that we would be very reluctant to be foreclosed from.

Mr. SOLARZ. But there are existing alternatives?

Mr. CHRISTOPHER. There are existing alternatives.

Mr. SOLARZ. Which would give us the sufficient capacity to verify SALT to our satisfaction?

General ALLEN. Yes. That presumes certain things about the success of the alternatives, which would also be presumptuous at the present time, but there are alternatives.

Mr. SOLARZ. Thank you.
Mr. HAMILTON. Mr. Lagomarsino.

REFUGEES ON CYPRUS

Mr. LAGOMARSINO. Mr. Christopher, did you comment on the status of refugees on Cyprus? I don't believe you did.

Mr. CHRISTOPHER. No; that is a serious and sore problem, and it is the reason why we have pressed for the Varosha matter being a high priority matter.

We think that if the Greek Cypriot displaced persons are able to return to Varosha and return in a substantial number, that will begin to ease that problem. We look forward to the day when all the people will be able to return to their homes.

Now, an important part of the 10-point guidelines that I give a lot of significance to is the reference to the U.N. resolutions which call for the return of refugees on the island. That is our goal and we hope that the intercommunal talks will deal with that.

Mr. LAGOMARSINO. How many refugees are there? I assume that all the refugees are Greek.

Mr. CHRISTOPHER. Well, it is a very complicated situation. There were a number of Turks who lived in the southern part of the island and after the hostilities and because of the danger, virtually all of them have moved to the northern part of the island.

On the other hand, the Turks have a larger portion of the territory than they did prior to 1974. The exact number of refugees is certainly a figure that can only be estimated.

I think I would like to ask Mr. Dillery what his best estimate is of that number.

Mr. DILLERY. The estimates have ranged between 150,000 and some say as many as 250,000. I think that the recent estimates have come much more close to the lower end of that. I seem to remember the Cyprus Foreign Minister himself saying 150,000 recently.

HOUSING FOR REFUGEES

Mr. LAGOMARSINO. How many of those refugees are still in refugee camps as distinguished from being resettled in homes?

Mr. DILLERY. By far the largest percentage have been housed in the housing which the Government of Cyprus has built with our assistance. There are still some who are in temporary quarters. I think there are a few in tents now and have been for a year or two perhaps, but one village, for instance, has its temporary quarters just across the line, looking at its old village, and they don't want to move into permanent quarters; so I think it is safe to say any refugee who wanted to move into what would be essentially permanent quarters would have them available, but for other reasons they might not.

Mr. LAGOMARSINO. Thank you. I have no further questions.

Mr. HAMILTON. Mr. Derwinski.

ROLE OF CONGRESS

Mr. DERWINSKI. Mr. Christopher, on the rare occasions that we in Congress try to increase a program for some country, the Department

generally tells us that you know best and we don't, and our generosity really is not necessary. On the other hand, the usual procedure for us is to try to cut where the mood would be political or diplomatic, and we get the argument that you advanced to Mr. Solarz, that in this case the Turks would be disappointed, hurt, upset, et cetera, et cetera.

Now we went through that exercise with the Red Chinese, where the Congress rewrote the Taiwan Institute legislation and all we have heard from the Red Chinese is a lecture they gave the Senate committee. It finally dawned on them that there is such a thing called the Congress and that you wonderful diplomats mean the best, but then we nasty people in Congress let you down.

Certainly, after all these years of dealing with the United States, the Turks know this and they understand that their problem is with the Congress; they understand why.

I don't think it comes as any particular surprise to the Turks if the exact package you offer them is not forthcoming from the Congress.

Mr. CHRISTOPHER. Mr. Derwinski, there are certainly elements of substantial accuracy in what you say about the understanding that other countries have of the congressional process, and I think that understanding is growing. We have a particular situation here though.

The Turkish military feel that they have not been given adequate consideration in the package that has been presented to Congress, and I think the role that the Turkish military play in the life of that nation, the importance of their cooperation to us in a number of respects, makes it highly desirable that the \$50 million grant that we have asked for be provided.

As you say, when Congress desires to give additional funds, we find it hard quite often to agree that is part of the executive branch process and part of the OMB process, as you well know.

We try to live within the budget the President has sent up, but in this particular situation I would say that the consequences of not providing necessary grant funds for the Turkish military in the present circumstances would be adverse.

BYPASSING OF HOUSE

Mr. DERWINSKI. In this particular case, I want to repeat the point that Mr. Rosenthal made: I think that your interest would have been better served had you come to the House as well as the Senate. I think you would have avoided the controversy involved in lack of House input. Frankly, I don't think the overall mood in the Congress was to create a new impasse with the executive branch over Cyprus. But what you have done by bypassing the House and then given the reversal between the Senate committee and the Senate floor action, a situation has been created in which the issue was relatively calm, has now been somewhat escalated in terms of a feeling, and in terms of the interest of the House.

I just think—second-guessing you at this point—your strategy, was not the best strategy for the Department at this time.

EXECUTIVE-CONGRESSIONAL RELATIONS

Mr. CHRISTOPHER. We were somewhat a prisoner of the timing, Congressman. Our decision to request grant military assistance for Turkey was taken at a time that the House had already acted.

Now, if you would say that we should have made our decision earlier, I really could not gainsay that point. On the other hand, it was our perception of the Turkish attitudes, based upon the reports of our Embassy and my trips to Turkey, which caused a recommendation to the administration and caused the President finally to decide to ask for these funds. When he decided to ask for them, it seemed to us the right thing to do was to go to the place where the matter was still alive, the House having already acted on it, and we thought we had taken the appropriate steps by sending a letter to the Speaker of the House, telling him what we were going to do.

We certainly did not mean to bypass you or circumvent you.

Mr. DERWINSKI. I thought, for example, we gave the Department—the administration, I should say—great cooperation in the supplemental for the Middle East peace package. The House moved very rapidly, very properly, and also very responsibly, and I think you could have utilized that kind of atmosphere and saved yourself some of the complications that have developed.

But, the reason you are a diplomat is that you are supposed to struggle with problems. Maybe you don't want a perfect relation with the Hill, because then your job would be too easy.

Mr. CHRISTOPHER. I certainly would like to improve our relations with the Hill, Mr. Derwinski.

Mr. DERWINSKI. Thank you, Mr. Chairman.

MAGNITUDE OF GRANT AND LOAN REQUESTS

Mr. HAMILTON. Mr. Christopher, just a few more questions: \$98 million in the fiscal year 1980 program for the economic support fund and the 1979 request for \$100 million—what proportion of those requests are grant and what loan? Do you have that for us, please?

Mr. CHRISTOPHER. Let me see if I understand your question, Mr. Chairman.

The only grant funds that are being sought are the fiscal year 1980 grant military assistance funds. The \$98 million that are being sought in fiscal 1980 are loans, so-called economic support funds.

The \$100 million which was sought as of the fiscal year 1979 supplemental is, once again, so-called ESF or economic support funds.

CONTINENTAL GRAIN CO. CLAIM

Mr. HAMILTON. All right. Now, with regard to the claim of the Continental Grain Co. against Turkey, I want to clarify some testimony that we have had on that previously.

Does the United States feel it has an obligation to make Turkey settle with the Continental Grain once all legal remedies have been exhausted?

MR. CHRISTOPHER. Well, we feel we have an obligation to go to the Turkish Government and implore them to settle this matter once the appeals are exhausted in the House of Lords. I understand the House of Lords has not yet ruled on that petition.

ACTION OF HOUSE OF LORDS

MR. HAMILTON. I am under the impression that the House of Lords has ruled on that appeal, or they refused to hear the case. Is that incorrect?

MR. CHRISTOPHER. Mr. Chairman, I am embarrassed that I don't know the answer to that, and I will certainly furnish it to the committee.

I am told the House of Lords has not acted. That was my impression, but you seem positive, Mr. Chairman, and you are usually right.

MR. HAMILTON. Maybe we had better get the record straight on that.

Just for the record, has the House of Lords in England refused to hear the case? You can supply an answer later.

Is any other appeal possible? What is the United States now doing to get a settlement in the case?

If that answer can be supplied for the record, I would appreciate it.

[The information follows:]

CONTINENTAL GRAIN CO. CLAIM

The House of Lords has not acted upon the Turkish petition to hear an appeal of the decision in the dispute between Turkey and Continental Grain. The House of Lords would normally be the last appellate forum available to either party in such a case. The United States has repeatedly urged the two sides to resolve the issue and has facilitated such efforts. The parties met in Ankara in May 1979, to discuss a resolution of the matter, and Continental Grain has made a proposal, which the Turkish Government is now considering.

Mrs. FENWICK. Mr. Chairman.

MR. HAMILTON. Yes, Mrs. Fenwick.

Mrs. FENWICK. I have one other question.

What is involved here? How does it happen that we, the Continental Grain Co., the House of Lords, and Turkey are all mixed up here?

MR. CHRISTOPHER. Well, Continental Grain, as I understand it, has a claim against the Turkish Grain Agency, and that somehow has been adjudicated in the British courts. That adjudication has been decided in the lower courts and is now on appeal to the House of Lords. Continental Grain is a U.S. company.

Mrs. FENWICK. How was it decided in the lower court?

Mr. CHRISTOPHER. It was decided in favor of Continental Grain.

Mrs. FENWICK. I see.

Mr. CHRISTOPHER. If ultimately it is determined that the Turkish Government is liable, then we will feel the responsibility to take the steps we can to insure that they do not fail to live up to their legal obligations.

Mrs. FENWICK. How much is involved here?

Mr. CHRISTOPHER. I have known that figure at some time.

Eighty million dollars, I am told.

BRITISH INVOLVEMENT

Mrs. FENWICK. How did the British get involved with the American company and the Turkish Government? Why did it go to the lower British court?

Mr. CHRISTOPHER. I will have to supply that. I think the Continental Grain Co. brought their action in the British courts.

[The information follows:]

BRITISH COURTS' INVOLVEMENT

The case arose in the British courts because Continental took the dispute to a GAFTA (International Grain Trade Association) arbitration panel located in Britain. Turkey therefore appealed the GAFTA decision to the British courts.

Mrs. FENWICK. Thank you, Mr. Chairman.

TURKISH PAYMENTS FOR F-4'S

Mr. HAMILTON. Finally, Mr. Christopher, in 1976 and 1977 Turkey made several payments totaling over \$450 million for the purchase of 40 F-4's from the United States. Has Turkey now completed its payments for the F-4's?

General Allen, that is an appropriate question for you.

General ALLEN. I don't know the status of the payments. I would be surprised if they are completed, because the terms usually permit payment for some time.

They have been delivered; however, the contract is still open with respect to spares and support equipment.

Mr. HAMILTON. All 40 of the aircraft have been delivered?

General ALLEN. Yes.

Mr. CHRISTOPHER. Mr. Chairman, I was interrupted in answering Congressman Lagomarsino on the refugees, and I wonder—

Mr. HAMILTON. Surely. May I complete this matter first?

Mr. CHRISTOPHER. Yes.

Mr. HAMILTON. I would like to have for the record, if you are not able to answer now, whether Turkey has completed its payments on the F-4's and how much they owe, if they owe money.

General ALLEN. Yes, sir.
[The material follows:]

PAYMENTS ON F-4's

The U.S. Air Force has received all Foreign Military Sales payments from Turkey for the 40 F-4 aircraft. Such payments were derived from the proceeds of FMS credit loans; Turkey is repaying the principal and interest of such loans over a period of 8 to 10 years.

TURKISH DEBTS TO M'DONNELL DOUGLAS

Mr. HAMILTON. And do they owe any money to McDonnell Douglas?
General ALLEN. We will provide that for the record.
[The information follows:]

MONEY OWED TO MCDONNELL DOUGLAS

The Government of Turkey has \$600,000 remaining to be paid on the F-4 support contract negotiated with McDonnell Douglas.

Mr. HAMILTON. Mr. Christopher?

OPPORTUNITIES FOR REFUGEES

Mr. CHRISTOPHER. Congressman, I was on the verge of saying there has been considerable economic, financial success among the Greeks on Cyprus in contrast to the Turks. A number of the so-called refugees have done well in the places to which they have moved under new conditions; so I think it is accurate to say that what we aim for is to allow the refugees an opportunity either to stay in the new conditions where they found themselves and are prosperous or to go back to their prior homes.

I think we will find when we get to the point of allowing people to move back and forth we will find that a number of people, as humans, did adjust to the new reality and made quite a success of their lives.

Mr. LAGOMARSIMO. Thank you.

Mr. HAMILTON. Any other questions?

Gentlemen, we thank you very much. This has been a useful hearing.

The subcommittee stands adjourned.

[Whereupon, at 12:35 p.m., the subcommittee adjourned, subject to the call of the Chair.]

APPENDIX 1

BIOGRAPHIES OF WITNESSES

GENERAL LEW ALLEN, JR.

General Lew Allen, Jr., is Chief of Staff of the United States Air Force. As Chief of Staff, he manages a worldwide organization of men and women employing the world's most advanced defense systems, and is responsible for the administration, training, and equipping of these forces. Concurrently, he is a member of the Joint Chiefs of Staff, who are the principal military advisors to the President, the National Security Council and the Secretary of Defense.

General Allen was born on September 30, 1925. He graduated from high school in Gainesville, Texas, in 1942; entered the United States Military Academy, West Point, New York, in 1943, and graduated in 1946 with a bachelor of science degree and commission as a second lieutenant. He also was awarded pilot wings upon graduation.

After completing multiengine flight training in November 1946, General Allen was assigned to Strategic Air Command at Carswell Air Force Base, Texas, where he flew B-29 and B-36 aircraft with the 7th Bombardment Group and also served in various positions related to nuclear weaponry. He attended the Air Tactical Course and returned to Carswell Air Force Base as Instructor and Assistant Special Weapons Officer for the 7th Bombardment Wing.

In September 1950 he entered the University of Illinois for graduate training in nuclear physics and received a master of science degree in 1952. He earned his doctorate degree in physics in 1954 after completing an experimental thesis on high energy photonuclear reactions. General Allen then was assigned to the Los Alamos Scientific Laboratory of the Atomic Energy Commission where he served as a physicist in the test division. He conducted experiments in several of the nuclear test series. These experiments related to the physics of thermonuclear weapons design and to the effects of high altitude nuclear detonations for ballistic missile defense.

In June 1957 General Allen went to Kirtland Air Force Base, New Mexico, where he was Science Advisor to the Physics Division of the Air Force Weapons Laboratory. He specialized in the military effects of high altitude nuclear explosions and participated in several weapon test series. He was scientific director of a major experiment which utilized a large series of high altitude rockets to measure the characteristics of electrons trapped in the geomagnetic field after an exoatmospheric nuclear burst.

In December 1961 General Allen was assigned to the Office of the Secretary of Defense in the Space Technology Office of the Director of Defense Research and Engineering. From June 1965 to February 1973, he was assigned to the Office of the Secretary of the Air Force. He served the first three years at Los Angeles, California, as Deputy Director for Advanced Plans in the Directorate of Special Special Projects. He moved to the Pentagon in June 1968 as Deputy Director of Space Systems and in June 1969 became Director. He returned to Los Angeles in September 1970 as Assistant to the Director of Special Projects and in April 1971 became Director of Special Projects, with additional duty as Deputy Commander for Satellite Programs, Space and Missile Systems Organization.

After serving briefly as Chief of Staff for Air Force Systems Command, General Allen was appointed in March 1973 as Deputy to the Director of Central Intelligence for the Intelligence Community. In August 1973 he became Director, National Security Agency/Chief, Central Security Service at Fort George G. Meade, Maryland. On August 1, 1977, he assumed command of the Air Force Systems Command.

General Allen served as the Vice Chief of Staff, United States Air Force from April 1, 1978, until he became the Chief of Staff on July 1, 1978.

He is a command pilot with about 4,000 flying hours, and wears the Master Missileman Badge. His military decorations and awards include the Defense Distinguished Service Medal, the Air Force Distinguished Service Medal, the Legion of Merit with two oak leaf clusters, the Joint Service Commendation Medal and the Order of National Security Merit from the Republic of Korea. He has also been awarded the National Intelligence Distinguished Service Medal.

General Allen is married to the former Barbara Frink Hatch of Washington, D.C. They have five children: Barbara F. Miller, Lew III, Marjorie A. Dauster, Christie A. Bullington, and James; and three grandchildren. His hometown is Gainesville, Texas.

HON. WARREN M. CHRISTOPHER

Warren Christopher of Los Angeles, California was sworn in on February 26 as Deputy Secretary of State. Born in Scranton, North Dakota, on October 27, 1925, Mr. Christopher received an undergraduate degree magna cum laude from the University of Southern California in Los Angeles in February 1945. From July 1943 to September 1946 he served on active duty with the Naval Reserve. He attended Stanford University Law School from 1946 to 1949, where he was President of the Law Review and graduated with Order of Coif.

From October 1949 to September 1950, Mr. Christopher served as law clerk to Mr. Justice William O. Douglas of the United States Supreme Court. He then practiced law with the firm of O'Melveny & Meyers from October 1950 to June 1967. Mr. Christopher served as Deputy Attorney General of the United States from June 1967 until January 20, 1969, after which he rejoined O'Melveny & Meyers.

Mr. Christopher's professional activities have included service as President of the Los Angeles County Bar Association, 1974-75; Chairman of the Standing Committee on Federal Judiciary of the American Bar Association, 1975-76; member of the House of Delegates of the American Bar Association; Chairman of Standing Committee on Aeronautical Law of the American Bar Association, 1966-67; member of the Board of Governors of the State Bar of California, 1975-76; Special Counsel to former California Governor Edmund G. Brown, from January 1959 to April 1959; and President of the Stanford Law Review, 1948-49.

His civic activities included member of the Board of Trustees of Stanford University; member of the Board of Trustees of Occidental College in Los Angeles; member of the Board of Trustees of Harvard School, Los Angeles; director, Southern California Edison Company; director, Pacific Mutual Life Insurance Company; Vice Chairman of Governors' Commission on the Los Angeles Riots, 1965-66; Special Consultant to Undersecretary George W. Ball on Foreign Economic Problems, 1961-65; Special Representative of Secretary of State, Wool Textile Meeting, Tokyo, London and Rome, 1964-65; President, Coordinating Council for Higher Education in the State of California, 1963-65; and Chairman U.S. Delegation, U.S.-Japan Cotton Textile Negotiations and Geneva Congress on Cotton Textiles, 1961.

Mr. Christopher is married to the former Marie Josephine Wyllis and they have four children—Lynn, born May 30, 1952, Scott, born December 27, 1957, Thomas, born July 24, 1959, and Kristen, born March 26, 1963.

C. EDWARD DILLERY

Born Seattle, Washington, 12/17/30. BA, Seattle Pacific University, 1953. MSA, George Washington University, 1973.

Entered Foreign Service 1955. Posts: Tokyo, Kobe, Brussels, Vietnam, London, Nicosia.

ROBERT HORMATS

Bureau of Economic and Business Affairs, Department of State, Room 6828, Washington, D.C. 20520. Phone: 202/632-7950.

Date and place of birth: April 13, 1943, Baltimore, Maryland.

PROFESSIONAL EXPERIENCE

September 1977 to present—Senior Deputy Assistant Secretary of State for Economic and Business Affairs;
 1974 to September 1977—Senior Staff Member for International Economic Affairs, National Security Council;
 1973—Senior Consultant, Commission on Critical Choices for Americans;
 1973-74—International Affairs Fellow Council on Foreign Relations;
 1973-74—Guest Scholar, Brookings Institute;
 1970-73—Senior Staff Member, National Security Council; and
 1969-70—Staff Member, National Security Council.

EDUCATIONAL BACKGROUND

Fletcher School of Law and Diplomacy, Ph. D.—1969.
 University College, Dar-es-Salaam, Tanzania, Research Associate.
 Fletcher School of Law and Diplomacy, M.A.L.D.—1967.
 Fletcher School of Law and Diplomacy, M.A.—1966.
 Tufts University, B.A.—1965.

LT. GEN. ERNEST GRAVES

Lieutenant General Ernest Graves is a graduate of West Point, holds a Ph. D. in physics from MIT, and attended the Harvard Business School. He commanded a combat engineer platoon in Europe in World War II, an engineer construction battalion in Korea, and an engineer group in the Mekong Delta of Vietnam.

A substantial portion of his career has been devoted to the development of military and peaceful uses of nuclear energy. His last job in the nuclear program was Director of Military Application for the AEC and ERDA in 1974-75.

He served previously in Washington as Executive to the Secretary of the Army, as Deputy Director of Military Construction in the Office of the Chiefs of Engineers, and as President of the Air Defense Evaluation Board.

In the early 70's General Graves was Division Engineer for the Army Corps of Engineers on the Great Lakes and the Upper Mississippi River. He became Director of Civil Works for the Corps in September 1975 and moved up to Deputy Chief of Engineers in July 1977.

General Graves became the Director, Defense Security Assistance Agency, on March 1, 1978. In this position he is responsible for managing and administering the multi-billion dollar security assistance programs carried out by the Department of Defense.

APPENDIX 2

CHRONOLOGY OF CYPRUS DEVELOPMENTS SINCE THE SUMMER OF 1978

July 20—In an "open message" to President Kyprianou, Turkish Cypriot leader Denktash offered to enter into discussions to plan for the partial resettlement of Varosha (new Famagusta) at an early date under an interim United Nations administration.

July 21—The Government of Cyprus rejected the Denktash offer on the grounds that it was not sufficiently specific; that it was too restrictive in the area covered; and that it is in effect meant that Turkish occupation of the city would continue as before.

July 25—The Government of Cyprus indicated it would be ready to resume intercommunal negotiations with an open agenda on condition that the Turkish side as a first step relinquish all control over Famagusta. (There was no Turkish Cypriot response to this.)

September 3-6—State Department Counselor Nimetz visited Cyprus for discussions with both Cypriot parties aimed at evaluating the potential for movement on the Cyprus issue and at determining whether the U.S. could play a more active role in fostering negotiations.

October 2—Secretary of State Vance met with Cyprus President Kyprianou in New York to discuss Cyprus negotiating prospects.

October 6—Secretary of State Vance met with Turkish Cypriot leader Denktash in New York to discuss Cyprus negotiating prospects.

October 9—President Carter met with Cyprus President Kyprianou in Washington for discussion of the Cyprus situation.

November 6-9—The United Nations General Assembly debated the Cyprus question. A resolution was adopted similar to those of previous years, calling for a resumption of intercommunal negotiations, withdrawal of Turkish troops, and the return of refugees to their homes and properties. One new provision requested the Security Council to address the Cyprus question and to consider the imposition of sanctions should United Nations resolutions on the subject not be implemented within a specific time-frame.

November 10—State Department Counselor Nimetz presented to Greek and Turkish Cypriot representatives (then visiting New York) U.S.-British-Canadian suggestions on a substantive basis for the resumption of intercommunal negotiations.

November 15-27—At the request of the Government of Cyprus, the United Nations Security Council debated the Cyprus issue. A resolution was adopted calling on the parties to comply with Security Council resolutions on Cyprus and to resume direct negotiations, and requesting the Secretary-General to report by the end of May 1979 on progress achieved in these two areas.

December 15-20—Cypriot Foreign Minister Rolandis visited the U.S. for discussions with U.N. and U.S. officials. He informed Deputy Secretary of State Christopher that his Government could not accept the November 10 proposals as a basis for negotiations.

December 22—Secretary-General Waldheim submitted to both Cypriot parties a draft agenda for a fresh round of negotiations, asking for their comments and suggestions.

January 9—The Turkish Cypriots delivered to U.N. representatives their comments and suggestions on the proposed draft agenda.

January 10—The Government of Cyprus informed the U.N. that it could accept the proposed agenda unchanged.

Mid-January to mid-March—The U.N. was involved in a protracted effort to bring about agreement between the two sides on an agenda. Various reformulations and new proposals were put on the table, but these were invariably found wanting by one side or the other.

April 6—Secretary-General Waldheim met with Cypriot Foreign Minister Ro-landis in Geneva.

April 9—Secretary-General Waldheim met with Turkish Cypriot foreign affairs spokesman Atakol in Zurich.

April 11—Secretary-General Waldheim announced that he had invited President Kyprianou and Turkish Cypriot leader Denktash to meet under his auspices in Nicosia in mid-May. Both sides quickly accepted the invitation.

May 1-10—In what it termed a goodwill gesture on the eve of the Kyprianou-Denktash meeting, the Government of Turkey withdrew a further 1,500 troops from Cyprus.

May 18—President Kyprianou and Turkish Cypriot leader Denktash met under Secretary-General Waldheim's aegis in Nicosia.

APPENDIX 3

SUPPLEMENTAL QUESTIONS SUBMITTED BY SUBCOMMITTEE CHAIRMAN LEE H. HAMILTON TO THE DEPARTMENT OF STATE AND RESPONSES THERETO

TURKEY

Question. What are the reasons for the cancellation of the visit of the Greek Culture Minister?

Answer. Minister of Culture Dimitrios Nianias had planned to make an unofficial visit to the U.S. to participate in events at the Malliotis Cultural Center in Boston on May 11-15, and at the opening of the Goulandris Cycladic Art Exhibit at the National Gallery May 18. We were advised informally that Minister Nianias had to change his plans and that Deputy Foreign Minister Andreas Andrianopoulos would attend both events. We have not received a further explanation, nor have the Greeks given any indication that Minister Nianias' schedule change was a sign of displeasure with U.S. policies.

Question. Is it fair to say that Greece is irritated over what they see as a tilt toward Turkey in an effort to help Turkey out of its current problems?

Answer. The Government of Greece understands our concern over the situation in Turkey. They do not want to see a worsening of the severe economic deterioration of Turkey and recognize that this would be a threat to the stability of the area.

There is concern on their part about the maintenance of the Greek-Turkish military balance. We believe, however, that given the quality of the Greek military and the vitality of the Greek economy, the additional assistance sought for Turkey will not adversely affect the regional balance.

Question. What are the repayment terms of the Economic Support Fund request for Turkey? What portion, if any, will be grant?

Answer. The \$100 million fiscal year 79 supplemental and the fiscal year 80 \$98 million Economic Support Fund requests will both be loans repayable in 20 years, including a five-year grace period on repayments of principal, with a 5 percent interest rate. There is no grant portion.

Question. How much does it cost Turkey annually to keep troops in Cyprus?

Answer. Exact information on this question is unavailable to us. Our judgment, however, is that the current incremental cost of maintaining 25,000-30,000 troops in Cyprus as opposed to the Turkish mainland is relatively low. This force is not specifically raised for service in Cyprus but consists of conscripts who would otherwise serve normal tours of duty in Turkey. As far as we can tell, the only additional costs involved would be for transportation of personnel and supplies and for maintaining the troops in a somewhat higher state of readiness than they would be in Turkey. Modest incentive allowances are apparently also paid to officers and NCO's. It should be noted, of course, that the incremental costs associated with maintaining Turkish armed forces in Cyprus are probably almost entirely in Turkish lira.

Question. What is the status of the prisoner exchange treaty with Turkey which has been initialed but not signed?

When do you expect it to be signed?

What is the delay?

What is the status of efforts to obtain the release of Katherine Zenz and Joanne McDaniel, imprisoned in 1972?

Answer. We expect the Prisoner Transfer Treaty with Turkey to be signed within the next few days. The delay has resulted from the time-consuming requirement of Turkish law that all cabinet ministers individually approve the document authorizing treaty signing. Miss Zenz and Miss McDaniel will be eligible for voluntary transfer to the United States when the treaty goes into force.

Question. Regarding the claim of Continental Grain Company against Turkey, does the United States feel it has an obligation to make Turkey settle with Continental Grain once all legal remedies have been exhausted?

Hasn't the House of Lords in England, to which Turkey made an appeal, refused to hear the case?

Is any other appeal possible?

What is the U.S. now doing to get a settlement?

Answer. According to our Embassy in London, the House of Lords has not yet had the opportunity to review the Turkish petition to appeal the judgment granted in favor of Continental Grain in their trade dispute. The delay originated in the preparation by the High Court of a transcript of the appellate hearing. It appears that the House of Lords is the final appellate forum available to the Turkish party to the case. The U.S. is continuing to try to facilitate a settlement, most recently by assisting the two parties to resume direct discussions in Ankara on May 22-24, which resulted in specific proposals for settlement now under consideration by the two sides.

The applicability of U.S. laws and the proper course of action for the U.S. Government in the event all legal remedies are exhausted and a settlement has not been reached would be determined in light of the specific developments in the case at that time.

OMAN

Question. In the President's letter to the Chairman of the Committee on April 30, 1979 he asked for \$15 million supplemental authorization of Foreign Military Sales financing for Oman.

Why is it necessary for the committee to consider this request in supplemental legislation and why wasn't this request made part of the regular fiscal year 1979 or 1980 program?

Answer. It was only comparatively recently that events in the Gulf area, and Omani concern about area developments, put the question of additional FMS financing for Oman in a more urgent light. We first directly addressed the question of increased security assistance to Oman in February, 1979.

Question. In stating his reasons for making this request for Oman, the President points to the South Yemeni supported Dhofar rebellion in southern Oman. Is fighting now going on in the Dhofar province? When was the last attack from the People's Democratic Republic of Yemen or incident of forces supported by them in the Dhofar region? Why do you consider the chances of renewed attack from the People's Democratic Republic so important now?

Answer. Dhofar province has remained comparatively quiet for the last four years, although Omani troops there have remained in a state of alert. Several incidents involving Omani forces and PFLO elements have occurred recently.

Regular PDRY army troops have not attacked across the Dhofar border in years, although PDRY artillery units shell the area from time to time—most recently in March 1979. Omani troops have clashed with PDRY-supported PFLO guerrillas several times in the last few months.

Although we have no evidence to indicate a direct attack by PDRY forces in the foreseeable future, judging from propaganda broadcasts produced by Aden Radio and from publications supported by the PDRY, the PDRY has not abandoned its aim of subverting the Government of Sultan Qaboos. PFLO guerrillas remain an active threat in Dhofar, and fighting could resume at any time.

Question. It is the feeling of many observers that the real threat to the Government of Oman is not from South Yemen but from corruption internally and from neglect of economic and social programs and from a life of luxury some Omanis indulge in. Would you care to comment?

Answer. This sore of neglect was a real factor in initiating the Dhofar rebellion in the mid-1960's, under the rule of the present Sultan's father. Since the accession to power of Sultan Qaboos in 1970, however, the government has concentrated its development effort on Dhofar province (in addition to massive development programs throughout Oman), and it appears that the government commands the loyalty of the vast majority of its citizens. Conspicuous consumption and corruption are no more apparent in Oman than in other countries of the Gulf, although because of its relatively limited resources this may prove to be more of a problem in Oman than in other, more affluent, Gulf states.

Question. Iran had until the revolution of earlier this year some 300 troops in Oman in the Dhofar region. Have all of those troops been withdrawn? What support had these troops provided over the last year and a half since the first phase of the Dhofar rebellion was ended?

Answer. All of the troops have been withdrawn.

Over the last year and a half the Iranian troops primarily occupied stationary anti-aircraft positions. In addition, the Government of Iran loaned an Iranian Air Force C-130 transport aircraft and crew to Oman.

Question. Is it the intention of the United States to supply Oman with more TOW-missile launchers and missiles with these funds to supplement those provided to Oman in 1976? What else will this money be used for?

Answer. We intend to supply Oman with 20 more TOW launchers and 250 additional missiles, as well as some practice missiles.

The Government of Saudi Arabia has agreed to fund the major portion of Oman's arms acquisitions (described in earlier testimony). Our current intention is to use the \$15 million in FMS credits for funding the purchase of whatever approved equipment the Saudis do not pay for.

Question. If there are renewed hostilities in the Dhofar province, on whom will the Omani forces have to rely? Will they be relying principally on their British advisers? Can Oman expect any help from other states in the Persian Gulf region? What Arab military aid or support does Oman now receive?

Answer. "Rely" here is an ambiguous term. British advisors will continue to play an important role in the Omani armed forces. Oman cannot count with absolute certainty on assistance from other countries should hostilities be renewed on a large scale in Dhofar.

In the past—and currently—the Saudis have agreed to fund some military equipment for Oman. During the Dhofar rebellion, Jordan supplied troops. We understand that both Jordan and Egypt have indicated a willingness to respond to Oman's requests for support.

Saudi Arabia provides significant budget support to Oman, much of which is earmarked for military purposes. The Saudis have also provided logistic support. Oman receives no direct military aid from any other Arab country.

Question. In the context of Oman the subject of the offshore Masirah Island and its old RAF airfield has come up continuously. Is the United States at the present time using this facility? If so, how often and for what purposes? Are any Americans currently stationed on a temporary or permanent basis on the island in Masirah?

Answer. The United States is not using the airfield and no Americans are stationed there.

Question. This request for \$15 million in FMS financing for Oman represents a significant departure from the previous enunciated policy of avoiding arms sales to the small states of the lower Persian Gulf region. Do you believe that, because of recent events in Iran and other security needs of the Persian Gulf region, former United States policy on arms sales in the lower Gulf is no longer applicable? Precisely how would you state United States policy on arms sales in the lower Persian Gulf region today and in what ways has it changed?

Answer. On the contrary, the arms sales approved for Oman fall within the guidelines of the Lower Gulf arms policy. The equipment being provided is not of a sophisticated nature, will be in modest quantities, and contributes to the ability of Oman to defend itself without, however, significantly enhancing its offensive ability.

As noted above, U.S. arms policy toward the Lower Gulf states of the Persian Gulf has remained consistent over the past several years. We continue to assess requests for military equipment from Gulf states in light of the policy. We approve only that which is appropriate to the threat, can be absorbed and maintained, and which neither upsets the regional arms balance nor introduces new technology into the region.

Question. Is Oman generally supportive of U.S. policies in the Middle East? What has been their reaction to the Egyptian-Israeli Treaty?

Answer. The Government of Oman is the only Arabian Peninsula state to have consistently and publicly supported our policies in the area vis-a-vis the Arab-Israeli problem—including the recent Egyptian-Israeli peace treaty. Oman has also been supportive of President Sadat's efforts.

Question. What have been issues in U.S.-Oman relations?

Answer. There are no real "issues" in U.S.-Omani relations, particularly in light of Oman's support for our Middle East policies. Our heightened interest in Oman is of recent origin (our first resident Ambassador there was accredited only in 1973). The British, in fact, have historically had pre-eminence in the area. Like any two sovereign states, we occasionally have different points of view toward world events, or what we consider to be desirable policies, but these differences have not constituted significant irritants.

Question. Why does Oman need FMS financing for arms purchases? What were Oman's oil earnings in 1978? What was Oman's balance of payments in 1978? What is Oman's relationship to OPEC and OAPEC?

Answer. Oman's oil earnings in 1978 were approximately \$1.4 billion.

Oman's total non-grant revenues in 1978 were \$1.50 billion. Total revenues, including grants, were approximately \$1.80 billion, against expenditures of \$1.84 billion. The budget deficit for 1979 is expected to rise to \$640 million.

Oman is neither a member of OPEC nor of OAPEC. However, the foreign partners in Petroleum Development (Oman), the sole operating oil company in Oman, have been required to consult with the Omani Government whenever improved terms were offered to other oil producers in the area. As a result, the terms of agreements concluded between the neighboring producers and the international oil companies have generally been applied in Oman.

1. The first part of the paper is devoted to a general discussion of the problem of the existence of a solution of the system of equations (1) for arbitrary values of the parameters α and β . It is shown that the system has a solution for arbitrary values of the parameters α and β if and only if the condition $\alpha + \beta = 1$ is satisfied. In this case the solution is unique and is given by the formula

$$x = \frac{1}{\alpha + \beta} \left(\alpha x_0 + \beta x_1 \right)$$

where x_0 and x_1 are the solutions of the system of equations (1) for $\alpha = 1$ and $\beta = 0$ and $\alpha = 0$ and $\beta = 1$ respectively.

2. In the second part of the paper the problem of the stability of the solution of the system of equations (1) is considered. It is shown that the solution is stable with respect to the initial conditions if and only if the condition $\alpha + \beta = 1$ is satisfied. In this case the solution is stable with respect to the initial conditions and is given by the formula

$$x = \frac{1}{\alpha + \beta} \left(\alpha x_0 + \beta x_1 \right)$$

where x_0 and x_1 are the solutions of the system of equations (1) for $\alpha = 1$ and $\beta = 0$ and $\alpha = 0$ and $\beta = 1$ respectively.